ILLEGAL DRUG SHIPMENTS

HEARING

BEFORE THE

SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

SEIZURES OF ILLEGAL DRUG SHIPMENTS COMING INTO DELAWARE RIVER PORTS, INCLUDING THE PORT OF PHILADLPHIA

DECEMBER 8, 1988—PHILADELPHIA, PA

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ILLEGAL DRUG SHIPMENTS

THURSDAY, DECEMBER 8, 1988

House of Representatives,
Subcommittee on Oversight and Investigations,
Committee on Merchant Marine and Fisheries,
Philadelphia, PA

The subcommittee met, pursuant to notice, at 10:10 a.m., Penn's Landing, Philadelphia, Pennsylvania, Hon. Thomas M. Foglietta [chairman of the subcommittee] presiding.

Members present: Representatives Thomas M. Foglietta, Robert A. Borski, Jim Saxton and Howard Coble.

Staff present: Phillip W. Rotondi, Peter Marx, Kurt Oxley, Mark Aspinwall, Edmund B. Welch and Barbara Cavas.

STATEMENT OF HON. THOMAS M. FOGLIETTA, A U.S. REPRESENTATIVE FROM PENNSYLVANIA AND CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mr. Foglietta. The Subcommittee on Oversight and Investigations of the Committee on Merchant Marine and Fisheries will come to order.

I thank you for being here this morning with us. I want to express my sincere appreciation to Congressman Howard Coble of the 6th Congressional District of North Carolina, Congressman Jim Saxton, the 13th District of the great State of New Jersey, Congressman Curt Weldon, who I understand is on his way, as well as Congressman Borski from the Northeast section of the City of Philadelphia, and Congressman Jim Florio from the State of New Jersey, Southern New Jersey.

I have called this subcommittee hearing because I believe we have a very serious problem here in the City of Philadelphia, which extends to other port cities throughout the nation.

We are going to receive testimony first concerning two recent very successful seizures of illegal drugs coming into the Port of Philadelphia.

Last May, 1,052 pounds of cocaine were discovered aboard a Colombian merchant vessel. On September 7th, another 2,475 pounds of cocaine were discovered hidden in anchovy cartons on a Philadelphia company-operated Antiqua flag ship.

This presents the problem with which we are dealing today. American port cities, Philadelphia, Baltimore, New York, all of them, are in the business of increasing imports into the country, whether it be grapes, cars, or anchovies, and we are having some success.

However, this presents a very serious risk that smugglers will have a greater opportunity to import illegal drugs into America and into our neighborhoods, and we have to do all that we can to prevent that from happening.

By all measures, these were basically very successful drug interdictions. The Customs Service, the Drug Enforcement Administration, the Coast Guard, and the state and local law enforcement agencies which participated are to be commended for their efforts for a job well done.

Nonetheless, these two incidents do raise a number of important national questions for Congress' consideration. They include, first, the operation of the Drug Policy Board. Specifically, the Interdiction Committee of the Drug Policy Board was set up to facilitate inter-agency coordination and cooperation at the federal level.

In looking at the two interdictions with which we are concerned today, this subcommittee wants to see that that working relationship among the agencies involved is sound, that turf wars rumored in the past are ended.

Second, there is also the question of the adequacy of federal resources for a drug interdiction program at the nation's ports. Earlier this year, the Merchant Marine and Fisheries Committee heard a great deal from the Coast Guard about the need for very expensive and sophisticated sensors to deal with drug traffickers' increasing use of aircraft.

Do the two interdictions here in Philadelphia suggest a change in the cocaine traffic pattern? Are we going to see more narcotics coming into the U.S. by merchant vessels and are federal agencies equipped to handle that threat?

Finally, there is a question of impact of a federal drug interdiction program at the nation's ports on port operations and merchant shipping business. According to public accounts, it appears the Customs Service initiated its investigations of the anchovy bust on literally a hunch, that the first cartons of anchovies opened were clean, and that it took eight days to discover the cocaine.

Is the Federal Government responsible for delayed and/or damaged cargo when illegal drugs are not found? Should the Federal Government be responsible for such delays or damage?

Here I have to say that Philadelphia is my home, my family's home, and I, as a lifelong resident, think these two seizures suggest some questions of very important local concern as well.

First and foremost, is Philadelphia an easy port of entry for illegal drug traffic? If it is, and Philadelphia becomes a drug distribution center, it will exacerbate the local drug problem. Illegal drugs certainly would be more readily available in our neighborhoods than they are today. And already as we know, there are too easily obtained.

I know, too, that the Customs Service relies on its manifest and other shipping documents in its drug enforcement efforts. Both of these efforts are very illustrative of this point. It is a concern of this subcommittee that the Ports of Philadelphia and all the nation's ports are equipped with the state-of-the-art data systems so that none becomes an easy point of entry for illegal drug trade.

The bottom line is this: the Port of the City of Philadelphia must become more competitive. One product we must stop importing is illegal drugs. We must arm law enforcement officials and the Coast Guard with the tools they need to do their job.

At this point, I will yield to my distinguished colleagues on the panel for any remarks they care to make.

Mr. Saxton.

OPENING STATEMENT OF HON. JIM SAXTON, A U.S. REPRESENTATIVE FROM NEW JERSEY

Mr. SAXTON. Thank you, Mr. Chairman.

Let me just make a couple of brief remarks.

First, I would like to thank Chairman Foglietta for calling this hearing, and to say that he, as the Chairman of the Oversight and Investigations Subcommittee, obviously is very concerned about this problem, and that is why we are here today.

I would also like to welcome my colleague to the left, Congressman Coble, from North Carolina, to the Delaware Valley. While not a Philadelphian, I feel like I live in suburban Philadelphia and, so, to that end, Congressman Florio and I from South Jersey want you to know that we appreciate very much the fact that you took your time to come here.

Public hearings, particularly oversight hearings, are one of Congress' best tools for learning how effectively the nation's laws are being carried out and how best we, as members of Congress, can improve them.

It is in that spirit that I also want to welcome all of today's speakers, and to thank you in advance for volunteering to give your time to help us find workable solutions to the problems that Congressman, Chairman Foglietta just pointed out.

Drug interdiction is one of the very important facets of the complex drug control efforts that are needed, and there are others as well. The State Department's involvement in international efforts to eradicate sources of drugs, the military and civil law enforcement efforts, enactment of increasingly-tough drug laws, education of our young people to know the perils of the use of drugs, and the rehabilitation of drug users are all part of the big picture.

America's ports, the subject that we are here to talk about today, are our country's economic lifeline to the international community and powerful symbols of the diligence of the American work force.

Individually and as a nation we, too, must be diligent in our efforts to stem the flow of drugs. Our children's future should be one in which they are able to look at port cities for jobs, not for drugs. We must not allow our ports to slide into economic and social disrepair. They must remain truly lifelines, not conduits of illness and death.

Mr. Chairman, we have much work to do today and after today, and I am anxious to hear what our witnesses have to offer. So, with that, let me thank you again for calling this hearing.

Mr. FOGLIETTA. I thank the gentleman.

I would like to ask Congressman Coble for any remarks he may wish to make.

OPENING STATEMENT OF HON. HOWARD COBLE, A U.S. REPRESENTATIVE FROM NORTH CAROLINA

Mr. Coble. Thank you.

Mr. Chairman, I will be very brief.

I thank you for the extension of welcome to the Delaware River Valley. I am glad to be here. I have some questions, Mr. Chairman, some of which I would voice today, some of which I probably will not voice today because of the imminent trial that is scheduled, as you know, but I would like to talk to you or somebody else subsequently about that.

But I am glad to be here, and I look forward to hearing our witnesses as they appear before us.

Thank you, sir.

Mr. Foglietta. Thank you very much.

Before we begin, I have three announcements, and that is, number one, Congressman Curt Weldon of Delaware County, a member of this committee, is most anxious to be involved in this hearing, and will be arriving shortly.

In the meantime, without objection, I will enter his opening statement into the record. Hearing no objection, so ordered.

Second, Mayor Goode will be arriving at approximately 11:15. Because of time constraints on him today, I intend to interrupt the proceedings at an appropriate point after his arrival to permit him to present his testimony, and I would appreciate everyone's cooperation for that.

Thirdly, and most importantly, in an effort to expedite today's proceedings, I will ask witnesses to summarize their prepared remarks. Your entire statement, however, will appear in the hearing record.

Also, because of time considerations, I will be paneling groups of witnesses together. I thank you all for your cooperation.

[The statement of Mr. Weldon follows:]

Opening Statement of Hon. Curt Weldon, a U.S. Representative from Pennsylvania

I would like to thank Mr. Foglietta, the Chairman of the Oversight and Investigations Subcommittee, for holding this hearing today. As we all know, the drug problem in America is out of control. Drugs are corrupting our children as they continue to pervade our homes, our classrooms, and our social gatherings.

Many people like to blame the problem on excessive demand. They say, if we would educate our youth about the dangers of drugs, the problem would go away. Although I do not criticize this approach, demand is only half the problem. The other half is supply. Every day drugs infiltrate our ports. Thousands of pounds of cocaine, marijuana, heroin, and other addictive drugs go through our docks and into the streets. For this reason, I commend Mr. Foglietta for holding today's hearing.

The drug problem in the port of Philadelphia has not received enough public attention. It is a serious problem that needs to be addressed. Mayor Goode's recent action, to form a special drug committee which will be headed by a "drug czar," is an important step. The committee will help to coordinate the local agencies, and will keep the public's attention focused on the problem.

Likewise, I commend my colleagues from Congress for passing a tough drug bill earlier this year. I support the provisions that will make it more difficult for drug pushers to elude justice. I think there should be a death penalty for someone who kills while he or she is intoxicated with drugs. I also support increased funding for our federal drug enforcement programs. As a member of the Merchant Marine Coast Guard Subcommittee, I will continue to fight for more money for the Coast Guard. It is hypocritical for the Administration to talk tough about the drug problem, and in the same breath cut funding for the Coast Guard.

I hope that one result of today's hearing will be greater cooperation between the federal and state agencies fighting the drug war. We need to have the Drug Enforcement Administration, the Customs Service, the Coast Guard, the Marshalls, the military, and the local police forces working together to stop the flow of drugs into America. I believe a follow-up meeting is necessary to ensure improved coordination at the federal level.

Again, I commend the Chairman for today's hearing and look forward to hearing the testimony of our witnesses.

Mr. FOGLIETTA. Our first witness today is a distinguished gentleman from across the river, a member who has been involved in port issues and in the interdiction of drug issues.

Congressman Jim Florio of the 1st Congressional District of the State of New Jersey, welcome today.

STATEMENT OF HON. JIM FLORIO, A U.S. REPRESENTATIVE FROM NEW JERSEY

Mr. FLORIO. Thank you very much, Mr. Chairman.

Let me, first of all, at the outset, commend you once again for your continued leadership in the whole question of port development and all sorts of issues that relate to maximizing the benefits of these ports that we have in the Delaware Valley, the Ports of Philadelphia, Camden, Wilmington and so on.

Likewise, I would like to express my appreciation for the good participation that we see here from the members. Certainly, Congressman Saxton and I have cooperated on a number of different issues over the years, and I know that he is intimately involved in anything that relates to the Merchant Marine Committee on both sides of New Jersey, the river side as well as the ocean side, and he is to be commended for that.

Obviously, we are pleased to have the perspective from Congressman Coble, coming from a different area, but, nevertheless, again having the expertise that can be helpful to us to try to deal with the local problems here is very valuable.

Mr. Chairman, as you know, you and I have cooperated in a host of different areas dealing with port development, dealing with port unification, dealing with how it is that we make our port a better place to be able to operate out of.

I will have to be as candid as possible by telling you I do not purport to be an expert and have any specialized expertise in the area of the maritime aspects of drug interdiction. But I will also tell you that I have got some expertise with regard to the whole question of the impact of drugs in my area and in this whole area.

Coming off of a campaign, as I think all of us who are elected officials know, you get total immersion into your constituents' concerns in that period of time when you are focusing on the election process, and I will tell you that this last campaign impacted upon me in a very traumatic way.

I will tell you that substantial portions of my communities, people in the City of Camden, who maintain that they have lost the streets to the drug people, and that is something that across my congressional district, people in the schools are concerned, in the hospitals and the drug treatment systems, that we have serious, serious problems, and they are problems that we are going to have to start focusing on.

But for us at this hearing, of course, it is the Ports of the Delaware Valley, and this is going to be this region's gateway to the world, and they are tremendous assets to all of us in terms of helping our economy and providing access to goods, but as you implied, there are goods that we do not want in to this area, and this hearing, of course, is discussing how it is that we can deal with this serious, serious problem.

The drug dealers are getting access to these materials and if, in fact, the ports are a part of the access system, we are going to have to start cracking down. You mentioned before a couple of examples in the last recent period of time that I suspect you will be hearing from people with regard to the need for more intelligence so that we are not relying exclusively on random sampling of cargoes coming in with all the inherent inefficiency and cost that that entails.

So, resources are going to be something that is going to have to be focused upon.

I am concerned about the drug access that people have in our communities. Our aim must be to end the drug epidemic that is tearing apart neighborhoods and communities. I want the Coast Guard to have every tool it needs at its disposal, consistent with the resources that we have for the totality of the needs that we are going to be called upon in Congress to deal with.

I want an effective drug interdiction program, and I want cooperation among all of the agencies that are involved, and as you implied, Mr. Chairman, there has been some concern about wasteful utilization of resources because of turf battles and the traditional bureaucratic ineptitude that sometimes we find in any system of undertaking any public project.

But even if we have all of these things, the reality is, it is the point I want to emphasize, the reality is that we will still not be able to deal with this problem if we exclusively emphasize interdiction as a major means of cutting down on the drug epidemic that we have in this nation.

There are more miles of shoreline than we will ever be able to fully monitor, more ports of call for drug trafficking where drug runners operate out of than we can effectively patrol. This is why the other pieces of the war on drugs are so important.

Mr. Chairman, I just share with you an interesting anecdote that occurred in the City of Camden in the school system.

I went to a school and I had a situation where a third grade school teacher, Sarah Davis is her name, said to me, "Congressman, how can I teach values to eight and nine year old kids when there are kids in my class who have two and three hundred dollars in their pocket now as a result of being involved in drugs?"

When I was a kid, Mr. Chairman, I used to deliver a newspaper. These young children have drug roots in low-income housing projects. The guy with the big car drives up, the kids come to the car, they pick up their materials, and they are out delivering these types of things and making money off of it.

I guess what we are going to have to do is to make sure that we do an equal amount of resources into the educational components so we can stop the demand side equally as important as we stop the supply side of drug dealing in this epidemic.

—

We have got to target in this particular instance the cynical actions of drug dealers who hide behind young children to insulate themselves from detection.

I have introduced some legislation that I think will go a long way to doing that.

Likewise, we also have to have, like it or not, drug users as the target of our efforts, and I am talking about not just habitual, I am talking about casual, recreational drug users, so-called, as well.

The other day, and this was startling to me, the New York Times, in the editorial, recommended that drug enforcement officials should be, this is their language, "harassing retailers and customers and reclaiming the safety of our neighborhoods where drug dealers have taken over".

For the New York Times to be using that strong language, I think, is significant, and I would applaud that type of language and that type of initiative to deal with this problem because it is a problem that requires that type of strong language.

Society can no longer bemoan drug use at one level and tolerate it at another level. So, we are going to have to not be able to have two standards. The ghetto standard and the suburban standard. We are going to be equally as vigilant, equally as tough, when we start cracking down on this type of activity.

Likewise, in the treatment area. We read about famous athletes. We read about famous movie stars who have problems, who have access to treatment and rehabilitation. We are going to have to start making sure that the allocation of resources that we make as a nation will facilitate access to treatment for all of our citizens as much as is humanly possible.

I have introduced legislation that will provide for requiring private health insurance companies to offer drug and alcohol treatment as part of their regular standardized coverage for all citizens. This is going to be helpful in two different ways.

One, it will overcome the financial hurdle that is associated with such treatment, and, secondly, the long way towards ridding drug treatment of some of the stigma that currently attaches to it.

At this point, and I will conclude on this point, Mr. Chairman, I cannot underplay the magnitude of the drug problem that exists in my state and I know other members can testify as to the situation in their own areas, but I was floored, literally floored, by the extent of the problem that exists in the areas that I am aware of.

I went to Atlantic City, went to the Atlantic City Hospital, talked to the officials in the hospital, and they told me that sixty percent of the admissions to the hospital are drug related. If we are concerned about health cost escalation, if we are concerned about issues of that sort, then we have to be concerned about drugs and interdiction obviously is a piece, but it is a piece that has to be kept in perspective.

Fifty-six percent of all crimes in my state are drug related. That means that of the 400,000 crimes committed last year, 220,000 of them are related to drugs. If we are concerned about public safety, we have to be concerned about drugs.

Here in the City of Philadelphia, and I am sure the Mayor will say something about it, we have been reading in the newspapers about innocent children being killed in the cross fire that takes place in rival drug gang wars.

So, I think I am conveying to you perhaps something that you are a bit aware of already, but I just hope that the force of my rhetoric will help you appreciate the significance of what I think is the difficulty that American people are now starting to appreciate in terms of this drug war.

I am not going to get partisan in any sense of the word, but let me just share with you. When President Reagan came to South Jersey, you may recall that he went to Main Street, which is a very nice affluent suburban area in Vorhees Township, part of Mr. Saxton's district, and that is fine. It was good.

I guess the only observation I would make is that we have a Main Street in Camden as well. At one end of Main Street is the state prison. The other end of Main Street is a drug rehabilitation center, and in between is a shattered picture of what part of America is about. Places where you cannot go out at night because of drug wars. Boarded-up homes. junkies on corners. That is as much a part of America as the other Main Street is, and I think it is all important for us to appreciate that.

You are all to be commended for what it is you are doing and certainly I, and I will encourage other members of the Congress, will be taking our lead from your direction on this particular issue that you are dealing with, and I trust that you will make appropriate suggestions to us in the allocation of resources because that is what it comes down to.

Are we willing to pay the costs associated with doing these things? I think the American people are starting to understand what the costs are of not doing the things that have to be done to deal with the drug epidemic. Interdiction, treatment, law enforcement, education, are all part of that war. The war will only be won if we are willing to belly up to the bar and say yeah, it is going to cost, but it is going to cost and the price is not too much to pay.

So, Mr. Chairman, let me thank you again for the opportunity to come and share some thoughts with you.

Mr. FOGLIETTA. I thank the gentleman for his insight into the problem, and certainly if anyone's rhetoric is going to move this community to action, it is going to be the kind of statement that you just made.

I agree with you and I want to make it clear, that we all understand that interdiction is only one part of the problem. Education, rehabilitation and punishment for those involved are all other aspects of it, that we must attack the demand side as well the supply side, but we do know this is a very serious problem, especially in light of the sizeable amounts of drugs we have found being permitted to come into the Port of the City of Philadelphia.

I was interested to hear your remarks concerning penalties for users, habitual users as well as social users. I note that I read just yesterday that the Government of Italy finds it has got a very, very serious drug problem there, and that its law for awhile had penalties only for suppliers and distributors. They have changed that law very recently to impose penalties on users as well.

So, you know, when you give statistics like sixty percent of hospital admissions in the hospital in Atlantic City, which is not a

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ghetto area, for the most part, being drug related, fifty-six percent of the crimes in the state of Pennsylvania being drug related, they are threatening and frightening figures, and certainly I appreciate your sharing those things with us. I appreciate your being here and giving us the value of your testimony.

Thank you so very much.

Mr. Saxton.

Mr. SAXTON. Mr. Chairman, I do not believe I have questions.

I just think a good deal of what Congressman Florio pointed out becomes obvious to all of us who work closely in trying to put in place new laws to deal with the various aspects of the problem as we see it.

You know, as I listened to Congressman Florio talk about his district, it relates very well to mine. With the exception of the City of Camden, we both have shared many of the same experiences, and, you know, when you look throughout our society at the various efforts, together with the efforts of the Port, efforts in our military, the military has perhaps been one of the most effective organizations in combatting the use of drugs.

Before the meeting this morning, I talked to a representative who is here, who will also testify later, who mentioned that, of course, his organization is concerned. They have no problem with random testing of people in his organization. Thinks it is a good idea.

When I talked to Captain Edward Roe in the Coast Guard, who will testify later, he explained to me the difficulty in them carrying out their job, doing an effective job of interdiction, and how difficult it is to actually find the drugs on board ships, all the problems that are related to it.

One gets the sense of the magnitude of this problem, and you pointed out very well to all of us how you see it, and I think that I agree very much with what you said.

Mr. FLORIO. Thank you.

Mr. SAXTON. If you would care to comment, that is fine, but just a comment on my part.

Mr. FLORIO. Thank you.

Mr. FOGLIETTA. Mr. Coble.

Mr. COBLE. Just very briefly, Mr. Chairman.

I think what Mr. Florio has told us can be universally applied in all of our congressional districts. The impact may vary from geographic locale to geographic locale, but the problem is obviously there and it is why we are here, and I thank you for having taken time to appear before us.

Thank you, Mr. Chairman.

Mr. FLORIO. Thank you.

Mr. FOGLIETTA. Thank you so very much for being here and sharing your information with us.

I would like to call as the second panel, if I may, Special Agent in Charge of the Philadelphia Office of Investigations, United States Customs Service, Dave Warren.

Special Agent in Charge, Philadelphia, United States Drug Enforcement Administration, Sam Billbrough.

Commanding Officer of the United States Coast Guard Group and Marine Safety Office of Philadelphia, of the United States Coast Guard, Captain Edward Roe.

Are you comfortable there, Captain? Do you want to shift the microphone over to the right a little bit? I do not want you falling off the end now.

I think maybe we can start with Mr. Warren.

Mr. Warren.

STATEMENT OF DAVID WARREN, SPECIAL AGENT IN CHARGE, PHILADELPHIA OFFICE OF INVESTIGATIONS, U.S. CUSTOMS SERVICE

Mr. **Warren**. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am very pleased to be here today and appear before you to discuss the recent two drug seizures made here in Philadelphia.

At the conclusion of my statement, I would like to, if you would ask me those questions that you brought up in your statement prior to our being here, there are some questions that are unanswered, I would like to answer them. There are some answers to some of the questions that you raised, and if my statement does not include some of those answers, I will be glad to address them.

In May of 1988, Customs inspectors in the Port of Philadelphia targeted a cargo shipment aboard the Colombian vessel, the Arturo Gomez, as a high-risk shipment. Essentially, the cargo was declared as machinery, manifested as machinery, and also as American goods returned, and we do not normally see that type of shipment coming in from Colombia.

What we normally see if cocoa butter, tiles, cocoa beans, bananas, that type of cargo. So, it was strange to see that.

In addition, the consignee was Petrochem, a new company for the Port of Philadelphia, that had never entered anything into the Port of Philadelphia before, although there was one entry in machines in another port in Jacksonville.

The shipment was then segregated and placed in a pier area away from the normal pier traffic, so that people would know that Customs was interested in that particular shipment.

The shipment was machinery and it was quite huge. In fact, we decided that the way it was set up, that we would need outside contractors, that no one from Customs would be able to dismantle this machinery, in the event it did have something or if it was a legitimate shipment, we would not want to endanger it. We would want to make sure the importer got what he wanted and it would not be broken, which addresses one of the questions that you brought up.

So, we brought in outside contractors at quite an expense to the Customs Service at the time, and he dismantled the machine. It took almost eight and a half hours to dismantle that machine, so that it would not be broken.

At the base of the machine were 408 bundles of cocaine, weighing over one thousand pounds. At the time of the dismantling of the machine, present were Customs agents, DEA agents, Coast Guard and Customs inspectors. So that all the agencies involved in that shipment and in the future control delivery were there from the beginning point.

In Philadelphia, the cooperation between the agencies is excellent. We notify DEA when we get a real hot suspect shipment, and they come down and are present during the inspections most of the time, if they have the manpower available. But, essentially, they are notified very early on on a case.

The shipment was then replaced into a—a small part of the shipment was replaced and put back into the machinery. The controlled delivery was made which went to Camden, Elizabeth, New Jersey, Brooklyn, New York, and took approximately thirty days to make this controlled delivery.

It required a considerable amount of manpower, both dedicated by the Coast Guard, DEA, and the Customs Service. Around-the-clock surveillance and monitoring by cameras and manpower resources.

The ultimate was the arrest of six individuals and subsequent indictment of these individuals.

On August 30th, there was a German-flagged vessel, the Columbus Olivos, which discharged a container at an old marine terminal. The container was said to hold one thousand cartons of anchovies. It was shipped from an obscure packing company in Argentina.

At no time did anybody at that time realize that very deep within the cargo was 2,400 pounds of cocaine.

During the next two weeks, starting with the discovery and the seizure of the cocaine, the arrests of the individuals and the executions of search warrants, the cooperation between the agencies was outstanding.

On September 6th, 1988, a Custom inspector assigned to the data analysis unit of the Customs Service, and this particular unit in Customs reviews the manifests before the ship arrives, before the containers come in, and he runs the names of these manifests through the computer system, the Customs computer system text, and through ACS, to determine whether it was a first-time importation, whether the individual consignees or the shipper were violators or were suspected of any type of violations, and he continues going through computer checks on the shipment.

This particular shipment was anchovies. Never before imported into the Port of Philadelphia. High-risk shipment. We did a further check with the broker. We found out that the shipment and the paper work is all being paid for by money orders, highly irregular. Most of the time, it is commercial checks from businesses. We do not get money orders going to brokers. If it cash or money orders, it sends up a little red light and Customs looks a little bit closer.

There was also a name, Robert Alcaino, of Andes Trading Company in New York. His name was submitted into the Customs computer system by the New York Office prior to the shipment arriving as a suspect in another investigation, called Operation Sea Chase out of Tampa.

So, we had a few things for the inspectors to highlight on this, and we decided another intensive inspection would have to go underway. We brought the entire shipment to the Customs House, the container to the Customs House, and now we had to worry if it was a legitimate shipment, we did not want to destroy all the anchovies and we also did not want to destroy evidence if we made a controlled delivery and ripped open every box.

So, we tried a few different methods. We tried drilling and, of course, anchovy oil came out and then we opened it up and it was all anchovies. One carton. So, we decided to try other things, and we tried weights and everything was close in weight, and we found one that was way over-weighted. It looked like about five pounds difference in weight.

So, we took that box and we opened it up and inside the box were two cans, commercial size cans, of anchovies, about nine inches round, and inside each can were eight packages of cocaine and lead weights balancing, trying to make it equal to the weights of the other cases.

Customs officers examined the markings on the boxes with the markings of the legitimate box that we had already destroyed the anchovies on. We found there was a difference in the registered trademark R, that there appeared to be a dot in there. So, we then removed all the registered trademark Rs and as I am going along, and I say we, by we, DEA was standing right next to us as Customs and the other agencies unloading those shipments of crates and working into the wee hours of the morning on the thing, and the U.S. Attorney's Office was present, too, for the handling of the evidence and documentation of the case.

We then went through all the cases and all the marked cases with the registered R contained cocaine. We then had a lot of good boxes that were not damaged that we could put back into the container and then make a controlled delivery.

The controlled delivery was subsequently made and like the last shipment of machineries, it went to other ports or to other warehouses prior to the ultimate destination, which was Brooklyn, New York.

The seizure and arrest was made in that area, and the case is pending now, and agents from DEA and Customs have been working in South America and here in the United States to conclude the investigation. There is an open grand jury, and I did not want to comment too much on it.

That essentially is what happened with the two seizures and how they were discovered.

There is a little bit more, and in my full statement that I sent to the committee, I get into detail of the ACS and how it works and how each inspector found what his job was at each location and how it built into those seizures.

Essentially, that is the Customs interdiction point of the case.

[The prepared statement of Mr. Warren can be found at end of hearing:]

Mr. FOGLIETTA. What we have decided to do is to have the testimony from the three gentlemen at the panel and then ask our questions after that.

Mr. Billbrough.

STATEMENT OF SAM BILLBROUGH, SPECIAL AGENT IN CHARGE, PHILADELPHIA FIELD DIVISION, DRUG ENFORCEMENT ADMINISTRATION

Mr. BILLBROUGH. Good morning, Mr. Chairman and members of the committee.

I am pleased to be here this morning representing DEA.

At the request of the Chairman, I will summarize my testimony, and I will also try to avoid as best I can duplicating some aspects of it that have been testified to previously by Mr. Warren.

Essentially, DEA is notified at the point that Customs learns that there is suspected contraband, and in both of these cases, we were notified at the time they became suspicious (because of the analization of documents and so forth), as Mr. Warren has testified. We assigned agents in each case to report to the Customs facilities and were present during the inspections and so forth and began to prepare for our subsequent investigation.

The first case (involving the machinery) involved extensive surveillance. The cargo was originally transferred over to the Port of South Jersey. It was put in a warehouse facility. Our surveillance point, for example, was an adjacent building—cobwebs, rats, and so forth. The type of conditions that you would find on these kinds of premises.

This required some six and eight and ten people per shift to conduct this surveillance, which went on for more than thirty days. We used cameras. We used electronic equipment. We had surveillance automobiles and so forth during the entire period of time.

We were assisted in this endeavor, that is the Custom Service and DEA was assisted, by representatives of the Philadelphia Police Department and the New Jersey State Police, while it was in Camden. When it moved into North Jersey, at Elizabeth, of course, we were joined by other DEA and Customs people from the Newark offices and we were joined by representatives of the county prosecutor's office and the FBI. When the case moved on to New York, we were assisted by, of course, our agency's representatives and New York City Police officers.

Essentially, the investigation took two aspects. One was the surveillance and the controlled delivery. The second one was a background investigation of the firms and the individuals that were involved as consignees in these cases.

In both cases, we left samples of the drugs, in the machinery in the first case, and in the anchovy shipment, in the second case. We do that in order to have a prosecutable case at the other end. The great bulk of material is always taken out.

We have somewhat of an unusual situation here in Philadelphia. It is the normal practice of DEA to leave as small a quantity as possible. In this particular case, we had a court determination which is unclear whether we have to leave pure cocaine or just a sampling mixed in with an inert substance. As a consequence, on the first shipment here, we did send eleven kilos with the machinery to New York.

After it arrived at the ultimate location in New York, there were again visual surveillances. The material was taken inside the building. It was not totally possible to keep an eyeball surveillance on it during the several days it was there.

On the final day, we observed individuals enter with tools. We had the equipment electronically wired. The alarm went off. We decided to make the arrest, and at that point, we did arrest those individuals.

The cocaine in the first case was no longer there. It apparently had been removed on a prior day, and we lost control of that. In the second case, we alarmed it, not with two alarms but with three alarms, and we were able to recover the cocaine in the second case intact.

The first case led to California, where the principals were arrested. We had arrested individuals who opened the machinery, but we followed the principals to California. The Customs Service and DEA agents made arrests there.

In the second case—the anchovy shipment, involved a direct controlled delivery to New York. The consignee was on the premises and was the recipient. We kept that premises and he under surveillance. He attempted to flee to California, also and was arrested at the airport.

The seizure, of course, occurred. Subsequent investigation has led to the arrest and/or indictment of additional people. In Buenos Aires, the origination point of the shipment, the DEA agents and Customs agents who were assigned to the location, working with the Argentine National Police, continued the investigation. Arrests have been made in Argentina. We have had Philadelphia federal people down there and the Argentine Police people and prosecutors have been up here, and we are very hopeful that we will be able to prosecute them either in—the people arrested in Argentina either in Philadelphia or to certainly have a good prosecution in Buenos Aires.

I would like to emphasize the cooperation has been outstanding and always is with the Customs Service. We are very close professionally, and we, frankly, in Philadelphia we are close personally. We have an excellent relationship and exactly the same goes with the United States Coast Guard. We work very closely.

I previously was assigned in Miami and we worked with Customs on a daily basis down there on interdiction matters and Bahamas matters, and I would say that the cooperation is equally as good or better here.

I would be pleased at an appropriate time to answer whatever questions the committee may have.

[The prepared statement of Mr. Billbrough can be found at end of hearing:]

Mr. Foglietta. I thank you, Mr. Billbrough.

I would also like to announce that Congressman Borski has arrived.

Mr. Borski. Thank you, Mr. Chairman.

Mr. Foglietta. Would you like to make a brief comment or statement?

OPENING STATEMENT OF HON. ROBERT A. BORSKI, A U.S. REPRESENTATIVE FROM PENNSYLVANIA

Mr. BORSKI. Well, thank you, Mr. Chairman.

I am just delighted to be here with you today, and I want to commend and congratulate you for bringing this committee of Congress here to Philadelphia to concentrate its attention on the serious problem of stopping drugs from entering our country and our city.

It is always a pleasure to work with you, Mr. Chairman, and, again, let me thank you for bringing this committee here.

Mr. FOGLIETTA. Thank you, Congressman.

Captain Roe.

STATEMENT OF CAPTAIN EDWARD K. ROE, UNITED STATES COAST GUARD, COMMANDING OFFICER, GROUP/MARINE SAFETY OFFICE, PHILADELPHIA, FIFTH COAST GUARD DISTRICT

Captain ROE. Thank you, Mr. Chairman and members of the subcommittee.

Thank you for the opportunity to appear before you.

I believe that the two cases have been quite adequately covered. So, I will dispense with reading a full statement.

I would like to echo that the cooperation among the agencies in Philadelphia is outstanding. In the Arturo Gomez case, the Coast Guard role was one of support to the joint task force. We provided a command center at our former base in Gloucester City, New Jersey, three continuously crewed boats for the water side interdiction aspect, assistance in assembly and disassembly of the equipment, and technical assistance for the surveillance equipment.

This type of activity does not come cheaply. In our limited role, we spent over 370 man days on this one case involving the Arturo Gomez.

In these cases, intelligence is critical to any interdiction effort. The Ports of Philadelphia are active, complex. They receive commercial vessels of every type, including freight vessels, passenger liners, tank vessels, chemical carriers, tugs, barges, container vessels.

These ships carry a full range of cargo, from bulk liquids, such as oil, to chemicals, coal, vehicles, fruit and containerized cargo.

In fiscal year 1988, 2,631 commercial vessels entered the Ports of Philadelphia. Coast Guard boarded 581 of these. We base our boardings on the receipt of advance notice of arrival from the vessel, the vessel's background, history, its inspection records, and any intelligence that we can gather.

If the intelligence would indicate that perhaps drugs are involved, then we would immediately contact Customs and DEA for a joint effort.

Containerized cargo is perhaps the most difficult to get a handle on. Without prior intelligence targeting a particular container for an inspection, a lengthy and costly process is required to conduct even a routine marine safety inspection of the container without damaging the cargo or even the container itself.

If the cargo in a container is to be inspected, it must initially must be transferred from the ship to a pier for safety reasons. This in itself can take a considerable amount of time if the container to be inspected is located at the bottom level of a tier of containers.

A vessel, for example, can carry up to 1,200 twenty-foot equivalent containers on up to six to twelve levels. So, if you wanted to inspect a container at the bottom of a level, that means you have to remove perhaps eleven other containers just to get to it.

Once on the pier, the container would be put aside, banding and seals removed, and the container very carefully opened to commence an inspection of the individual packages. Care in opening the container minimizes the possible injury should the container hold unmanifested hazardous materials or have insufficient blocking and bracing, thereby allowing the packages to tumble out once the door is opened.

This routine non-destructive container inspection may take a two-man team up to four hours per container. The cost perhaps in excess of a thousand dollars per container must be absorbed by the shipper. Discovery of any drugs by the Coast Guard in this process would result in again contacting Customs, DEA and local agents as it would then go into a joint effort.

According to the Delaware River Port Authority, the number of containers handled in Philadelphia has significantly increased over the last three years. Measured in twenty-foot equivalent units, which is kind of the lowest common denominator, the number of containers transferred in the Ports of Philadelphia in 1985 was 137,000. It increased in 1986 to 142,000 and again in 1987 to 160,000 twenty-foot equivalents.

Container vessels vary in size from small coastal freighters, which place a few containers on deck over their holds, to large liners that can carry 12 to 1,400 containers.

Some vessels designed to carry containers also accommodate highway trailers and roll-on/roll-off transport vehicles. I had hoped that this being Thursday, we would be able to see a 730-foot barge that comes in once a week, every Thursday morning, and goes to Pettys Island. This barge can carry 537 truck trailers on the wheels ready to go.

That vessel is designed and scheduled to arrive, offload those 537 or whatever the load is, back load and depart in twelve hours. So, the name of the game with the vessels is to get the cargo off, reload and go as fast as you can.

The vessel sitting at the pier is not making money. The vessel moving with cargo on it is making money.

Of the 599 reported arrivals for the quarter-ending 30 September 1988, 143 carried containerized cargo.

A second difficulty of discovering illegal drugs on commercial vessels is the number of locations where quantities of drugs can be hidden. A typical 700-foot commercial ship will have day fuel tanks, bilges, shaft alleys, vents, machinery spaces and combination storage spaces and voids in which to conceal drugs.

Many of these spaces have limited access. Others, because of their atmosphere, are not safe to enter. A void space, for example, may have cargo slop in it and may have Benzine fumes. We cannot enter that space for safety reasons.

Someone desiring to transport drugs will probably have no qualms in going into a space like that, putting us again at a disadvantage.

Even more difficult are drugs that are hidden in equipment. Things such as large air receivers or fire extinguishers. To complete an inspection on a large ship for illegal drugs would be an extremely time-consuming and could cause critical delays to the merchant vessel operator.

With operating costs of up to $25,000 per day, delaying a ship beyond its scheduled departure could mean the difference between profit and loss in a very competitive industry. Delays could also cause difficulty with the vessel in making subsequent port calls, resulting in additional delays and additional costs.

Based on these concerns, it can be seen that effective interdiction of drugs aboard merchant vessels must rely on prior intelligence. Although our boarding teams remain alert and vigilant, without intelligence, finding drugs on these ships is often a matter of luck.

To improve our luck, Secretary Burnley has announced a new initiative which would familiarize Coast Guard personnel not normally involved in law enforcement and on a wider basis familiarize all DOT safety and security inspectors to what to look for in the drug arena.

That would increase the number of people alert for drug interdiction to more than 4,200 above what it is now.

We in the Coast Guard strongly rely on other federal agencies, particularly U.S. Customs and DEA, for the intelligence. Without this intelligence, we will continue to rely on luck, which, in the drug interdiction arena, is not satisfactory.

Thank you, and I would also be glad to answer questions.

[The prepared statement of Captain Roe can be found at end of hearing:]

Mr. Foglietta. I thank you, Captain.

I would like to announce the presence in the room of Ms. Barbara Cohan, who is the Assistant United States Attorney, who has been very active in these investigations and, in fact, to date has been prosecuting the cases.

We hope for our sake you get to be the prosecutor at trial.

Ms. Cohan. Thank you, Mr. Chairman.

Mr. Foglietta. Thank you.

Secondly, I would like to ask this question. Just as a matter of information, maybe because I am a lawyer, but Tener Eckelberry was discharged for lack of evidence or sufficient evidence to hold him.

Can anybody expound on that as to why it was done?

Mr. Billbrough. Yes, sir.

Mr. Foglietta. I think we are getting a shaking of the head by Ms. Cohan. So, I will withdraw the question. I will withdraw the question.

Ms. Cohan. Thank you.

Mr. Foglietta. We want everyone in the room to understand that in these cases, these people have been investigated. They have been indicted, but they are going to be prepared for trial. The United States Attorney's Office is preparing the trial against these people. They have not been convicted as yet.

So, we have to be very, very careful in the questions we ask and the matters that we discuss, so that we do not in any way interfere with or prejudice the development of the cases by the United States Attorney's Office.

So, at any point, if you give me the signal by shaking your head, we will withdraw the questions that we might have and try to ask them privately.

Ms. COHAN. Thank you, Mr. Chairman.

Mr. FOGLIETTA. Question for Mr. Warren.

That is, in both the seizures, the Gomez case and the anchovy case, Customs became suspicious because the manifest showed an atypical cargo, different than what had been coming in from those areas on those ships.

How far in advance is a manifest or other document available to you for inspection so you can scrutinize it and determine whether or not it is suspicious?

Mr. WARREN. In the Northeast region and the New York regions, we just started a new program called Sea Tag, which is the container target analysis group, and, essentially, we are doing two things.

We are looking at bills of lading, which are used to make up the manifest, and the manifest. So, we are getting leeway time of approximately two weeks before that container hits the Port of Philadelphia. We are being able to check out the consignee's name, the exporter's name, the type of cargo it is, whether it is suspect cargo, some checks with the broker, how this is being paid for, call back numbers, subscriber numbers on the phones that are made.

So, we are doing a lot of more, I would say, two weeks in advance of the things coming, so we can actually set up and if we find something that we really feel is suspect, get in touch with DEA and we can work it jointly before it even arrives here.

Mr. FOGLIETTA. I have heard only two percent of cargoes coming into the United States is available to be checked. You have the facilities to check about two percent of the cargo. Is that a correct figure or——

Mr. WARREN. I think what is happening is the containers that are brought into the country, probably only two percent of all containers get inspected.

Mr. FOGLIETTA. How many manifests are scrutinized? What percentage?

Mr. WARREN. I think every port now has a manifest review team.

Mr. FOGLIETTA. So, they are all scrutinized?

Mr. WARREN. So, they are all scrutinized. We are doing selectivity from source countries. We take a manifest if the shipment is coming from Colombia or Spain or Belgium or France. Depending on what the intelligence provided to us shows, we review those manifests. We look at the cargo. We run all the names, all the types of cargo. If something looks really good, we go a little bit further. We actually look. We send cars out to the residences where it is supposed to be going to see if that place actually exists or if it is a phony address type of thing.

So, we do—our selectivity now is greater than it has ever been before in the Customs Service, and I think our percentage of examinations with some of the new initiatives that we have is going to increase from two percent to about five percent.

Mr. FOGLIETTA. Thank you.

I would like to just jump around with these questions, if I can.

Mr. Billbrough, it appears from the testimony that you gave that DEA is contacted by Customs after the illegal drugs are found, is that correct, or does Customs give you a heads-up so you can be ready for surveillance operations if it is necessary?

Mr. BILLBROUGH. No, sir. We get a heads-up at the earliest point that Customs becomes suspicious. Sometimes that is even prior to the ship's arrival. There may be intelligence information provided from certain sources or they document analyses which may indicate that this is a suspect thing.

So, we get a notification almost at the very moment that Customs determines that this looks suspicious.

Mr. FOGLIETTA. They notify you.

Mr. BILLBROUGH. Yes, sir.

Mr. FOGLIETTA. Okay. Captain Roe, from your testimony, it appears that the Coast Guard boarded about twenty-five percent of the vessels coming into Philadelphia to conduct routine marine safety inspections.

Now, you coordinate with Customs agents so Customs does not have to expend manpower on routine inspections after you have inspected?

Captain ROE. Customs has a different requirement to board the vessels than we do, and those laws that Customs must go aboard and enforce, we are unable to enforce.

From that perspective, no, there is no sharing of the boarding of vessels.

Mr. FOGLIETTA. When you board, you board for safety inspections and not—you do not look for drugs?

Captain ROE. Well, our people are trained to keep their eyes opened.

Mr. FOGLIETTA. Yes, but not specifically for that purpose?

Captain ROE. Correct. Not specifically for that purpose.

Mr. FOGLIETTA. All right. Mr. Warren, as you know, the Ports of Philadelphia are not a consolidated agency, as we have in other parts of the country. Philadelphia and Camden, for instance, are totally separate authorities.

In the cases we are looking at today, one of the shipments came in to the Packer Avenue Marine Terminal and the other came into Holt in Camden.

Does this complicate the job in the Philadelphia Port compared to, say, Baltimore or Norfolk, which are single ports?

Mr. WARREN. I think one of the things that I would like to see if it could be changed is the Philadelphia Office of DEA to have jurisdiction on the Port of Camden and those areas.

It is so close. Philadelphia's Customs Service covers both sides of the river and all the way down to Atlantic City and all of Delaware.

Mr. FOGLIETTA. DEA is separate?

Mr. WARREN. DEA does not have that Camden side, and I would like to see there be a much better relationship to combine that so that DEA has that authority over there and it is so close to Philadelphia to work, but that comes under the Newark office.

Mr. FOGLIETTA. Could you comment on that, Mr. Billbrough?

Mr. BILLBROUGH. Yes, sir. DEA has a division in Newark that covers the State of New Jersey. They have sub offices in Camden of about four people and Atlantic City.

The Philadelphia Division is responsible for Pennsylvania and Delaware and the sub offices in Pittsburgh, Harrisburg, Allentown, and Wilmington, Delaware.

The difficulty that Mr. Warren identifies is, of course, as we know, that Philadelphia is less than one mile from New Jersey here and the Coast Guard covers both sides, the Customs Service covers both sides, and we only have one side.

As a practical matter, on both of these shipments, even though one came into Camden, they brought it over to this side for inspection. So, we entered the case.

Now, we certainly have the legal authority to do it. It is an internal division, geographic division, for organizational purposes, and we proceed to take the lead on those shipments.

Mr. FOGLIETTA. What is your personal feeling? That it would be beneficial to have the consolidation of the DEA at the Port of Philadelphia?

Mr. BILLBROUGH. Yes, sir. I think we probably should do it by counties and probably Burlington, Camden and Gloucester Counties should really be assigned to Philadelphia.

It affects us in these types of cases and it also affects us frequently in other types of narcotic investigations. The source of supply for Camden, for example, is almost certainly Philadelphia in most cases.

Mr. FOGLIETTA. Would you cooperate with the congressional group here if we decided to suggest that change to DEA nationally?

Mr. BILLBROUGH. Sir, I can only speak from my perspective.

Mr. FOGLIETTA. I mean, give us a written statement to that effect?

Mr. BILLBROUGH. Yes, sir.

Mr. SAXTON. Could you yield on this question?

Mr. FOGLIETTA. Sure.

Mr. SAXTON. Mr. Billbrough, I think you have an excellent point. Mr. Warren had an excellent point and you agree with him. I am interested in the geographic distinction that you make.

We generally think of the southern part of New Jersey as being more closely associated with Delaware Valley than we do with Newark.

Mr. BILLBROUGH. Yes, sir.

Mr. SAXTON. Some people do not like to hear that.

Mr. BILLBROUGH. Yes, sir.

Mr. SAXTON. Atlantic City, Cape May County.

Mr. BILLBROUGH. They are part of the Newark Division, sir, and they are served out of an Atlantic City Resident Office.

Mr. SAXTON. I see. That is why you made the distinction of Burlington, Camden and Gloucester?

Mr. BILLBROUGH. Yes, sir. Quite frankly, I think the reason for it is this, that New Jersey represents one of our smaller divisions, manpower-wise, and to begin to take parts of it away will further reduce the size of it. Soyou will have some very large divisions, like New York and Miami, and then some very small, and I think that was the reason for it.

At one time, the line was drawn from Trenton to the ocean and Philadelphia had the southern half and Newark had the northern half and Newark was really reporting to the New York Division at that time. So, they created a new division in New Jersey and then wanted to consolidate it.

There is only one U.S. Attorney over there. We are rather used to working with several, for example, Philadelphia Division works with four different United States Attorney Districts. So that we are quite flexible that way.

Mr. **Foglietta**. So, you would then incorporate other counties as well as Camden County?

Mr. **Billbrough**. Sir, I guess there is two possible ways to do it. You could do the three counties I identified or you could divide New Jersey across from Trenton and the entire southern New Jersey would be part of Philadelphia.

The Philadelphia office, of course, is much larger, and as a consequence, we have more resources, technical equipment. We have aircraft assigned and so forth. The other part of it is sometimes we find laboratories are located over in South Jersey that are supplying Philadelphia because it is more rural than some places.

Mr. **Foglietta**. Well, I have—we have more questions and this questioning is going very, very well. It is very informative. I am sure my colleagues have questions.

However, the Mayor of the City of Philadelphia has arrived, and I would like to ask your indulgence and the indulgence of others to interrupt these proceedings to have him come and testify. He is working on a very tight schedule.

Mr. **Billbrough**. Yes, sir.

Mr. **Foglietta**. So, we will just interrupt you for a little while and then we will come right on back. Okay?

Mr. Mayor. We are honored today to have the Mayor of the City of Philadelphia, W. Wilson Goode, here to testify on this problem.

Mr. Mayor, what we have been discussing so far this morning is the problem of drugs being imported into the City of Philadelphia and surrounding counties, possibly all the way up to New York, through the Port of the City of Philadelphia.

We know how active you have been in working with the Port agencies as well as the congressional delegation in increasing the business of importation and exportation among our ports because it is so vital to the economy of the City of Philadelphia.

However, we do have a serious problem in that in getting these imports that we want, like grapes and automobiles, that we do not get the import that we do not want, namely illegal drugs.

So, we would like to hear your comments on that as to what the extent of the problem is and what your suggestions may be for preventing that from happening in the future.

I thank you for being here with us today.

STATEMENT OF THE HONORABLE W. WILSON GOODE, MAYOR OF THE CITY OF PHILADELPHIA

Mayor GOODE. Mr. Chairman, distinguished members of this panel, I would like, first of all, to commend you on the actions being taken today, actions to address the terrifying problems of drugs on all fronts.

During the past year, our city has declared war on drugs. We have also begun to join the resistance movement, a movement to activate all segments of our community in this war on drugs.

The issue of drugs is, without question, the most critical one which has faced our society in the last decade. Drugs have invaded our homes, our community, and, indeed, our entire nation. They have turned our playgrounds into battle grounds, innocent children into helpless victims, and cities of promise into cities in peril.

The terrifying data remind us each day of the horror of the victims and the victimizers. Twenty-seven percent of our nation's youth are drug abusers. 400,000 people are affected directly or indirectly by drug abuse each year. Almost eighty-five percent of all males who are arrested test positive for drug abuse and fifty percent of adolescent suicides are drug related.

The average age of first-time drug abusers is thirteen years old, and the list goes on. Teen pregnancy, high school delinquency and drop-out, family member abuse, child neglect and abuse, the dissolution of families, are all part and parcel of the overall drug problems.

With regard to combatting the infestation of drugs here in the city, we have sealed 200 drug den houses. We have increased the police patrol and arrests in the high-risk areas, we have instituted a zero tolerance drug policy at our schools, and we have created a drug abuse hotline.

All of these aggressive actions have been effective, and we will continue to enforce them because we must enforce them. And house by house, block by block, neighborhood by neighborhood, we are seeing some marginal difference, a marginal improvement, in this war on drugs.

The city has recently issued an anti-drug report entitled "Strategy for Community Preservation". This report is a result of work done by five committee task forces. It sets forth the city's plan to bring together all segments of our community in the war on drugs.

The major point made in that report, and I make here today, is that the war on drugs must be declared on all fronts. Every segment of this community must be involved. All individuals must be involved. From the time children start school until they finish, there must be education and information on drugs provided them.

But the real fact must not be forgotten. The city cannot win this war alone. With the entire community coming together, with mobilizing all the folks inside the city, this war cannot be won by the city alone. As long as drugs can cross the borders of our country, they can cross the borders of our cities. There must be federal interdiction policies to stop international trafficking of drugs.

The war on drugs in Philadelphia is not limited to the streets of this city. It must include all routes and arteries that lead to the streets. It must include the airports, the water fronts, and the highways. Together, all levels of government must search and destroy every avenue of drug trafficking that we can find.

These hearings today are an important part of our city's war on drugs. The information that will be presented will advance our awareness of the extent of the problem, and it will aid all of us in developing even more effective means by which to combat drug abuse.

This city is committed to winning the war on drugs, and your efforts through these hearings will directly contribute to our future and to our victory. We do not have an option. The war on drugs is a war for survival. The survival of our children, of our city, and the entire future of this country.

Let me just simply add on a personal note that I have been personally involved not only on the local level, but also with the U.S. Conference of Mayors on this problem, and I can say to you that every single mayor I have talked to around the country from any major city puts drug abuse, the drug problem, as the number one priority on the list because it is ripping the heart out of the quality of life in many of our neighborhoods across the city and across this country.

If we can stop the flow of drugs into the cities by the water ways, as you are addressing today; if, indeed, we can do that; if we can stop the supply, I believe that we can then begin to put a dent in this problem, even beyond what we can do on the local level.

There is no way, no way this city can win this war by itself. We need your help. We thank you for what you are doing here. We thank you for these hearings, and I thank you for the opportunity to be here this morning to address you on this most vital issue to the future of our city.

Mr. FOGLIETTA. I thank you, Mr. Mayor, for a very excellent statement.

The statistics that you present paint a very vivid and, unfortunately, a very grim picture. You say, for instance, that twenty-seven percent of our nation's youth are drug abusers. The average age for first time abuse is thirteen. That fifty percent of adolescent suicides are drug related. Eighty-five percent of all males arrested test positive for drugs.

These are frightening, these are absolutely frightening statistics. I know the dedication you have in fighting and eradicating, if possible, this problem, not only in the City of Philadelphia, but you have led the way throughout the country, through the Conference of Mayors.

I realize, for instance, that you have assigned twenty full-time police officers to work with DEA, and I am sure it is probably a cost the city bears that is not reimbursable, is that correct? We are not reimbursed for those policemen that we lend to DEA?

Mayor GOODE. Nor should we be, in my view.

Mr. FOGLIETTA. All right. This is an example of the kind of thing that you are doing, and I realize, also, that the cities cannot win the war on drugs alone, that you are going to need cooperation, especially, especially from the Federal Government or federal resources are going to be needed.

With those few comments on your statement, is there anything that you suggest from your deep knowledge of this problem that could be done through one of the agencies, by one of the agencies, or through the Federal Government to further assist in the fight of this war on drugs?

Mayor GOODE. We have been pleased with the federal-state-local task force in confronting the drug problem here in the city, and we expect there will be some very positive results coming from that, charging those who are major drug traffickers with federal offenses.

In so doing, we can give them long jail sentences that cannot happen in the state court. We are pleased with the fact that DEA, the Federal Government, the Governor and state government have seen fit to involve the state and federal personnel in this war on drugs here in the city.

The second thing is that I am not sure how possible this is, but I know that the water ways and the air ways and the highways are all major arteries of bringing drugs into this city.

We recognize that we cannot solve the problem alone. We need some help to reduce and destroy the supply side. At the moment, I do not have any specific recommendations on what you can do in that regard. But if there is some way that we can begin to make sure that the fruit coming in is fruit and fruit alone; that the grain coming in is not, in fact, infested with drugs hidden in grain bags; if we can make sure that shipments of items coming into our airport are not drugs; then I think that we will be able to confront this problem.

The highways appear to be the most difficult way to do this, but I would hope that spot checks on highways, spot checks on our cargo coming in here, both by port and by air, would be one of the aggressive actions that you could exercise in your surveillance oversight.

Mr. FOGLIETTA. I thank you, Mr. Mayor, but one other question I must at this point ask. You talked about the cooperation that exists between the local, federal and state governments in working and fighting this war on crime.

What about the courts? When I say what about the courts, I refer, for example, to a case which I read about yesterday where a man pleaded guilty to running what the District Attorney's office described as a supermarket of marijuana immediately adjacent to a junior high school, and he was brought before the judge and the judge gave him probation. The DEA's office demanded a prison sentence.

Would you care to comment on those kinds of situations, which I am sure are extremely frustrating to all law enforcement agencies who work so hard to bring these people to justice, to find them being put on probation and put back on the street by some of our judges?

Would you comment on that, please?

Mayor GOODE. I can tell you, Mr. Chairman, that if half the people that we have arrested over the past two years have been given a jail sentence of a year or more, we would have made a significant impact on the drug problem in the city.

I would like to make this point, that the arrest numbers are up throughout the past two years, and they are constantly increasing.

Police personnel aided by the state and Federal Government are doing an outstanding job in making the arrests.

There is, however, within the court system a revolving door. They go in and many times use the very same illegal money gotten from trading illegal drugs to make their bail and buy themselves out of jail.

I would hope that we could in some way address that issue. Judges are independent individuals who can make their own judgment based upon the case before them. At some point in time, the entire criminal justice system must be unified and it must be within the minds of those judges who are passing out the sentences a recognition that they are a part of the solution to this problem. If not, they are part of the problem, because if, in fact, all that happens is this revolving door, they then become a part of the problem of returning to our streets men and women who will simply go out and sell death to our young people and to our adults, and increase crime and make the quality of life even more intolerable here in the city.

Mr. FOGLIETTA. I thank you, Mr. Mayor.

I would like to ask the other members, congressional members, of our panel whether or not they have any questions.

Mr. Saxton.

Mr. SAXTON. I would just like to thank the Mayor for coming this morning, and just say that as a resident of the Delaware Valley, I can appreciate very much the position in which you find yourself.

When you came in this morning, you congratulated us for being here, and we congratulate you for being here. You indicated that last year, you declared a war on drugs. Last year in the Congress, we collectively passed a law which, in effect, declared a war on drugs.

But I will tell you what. As far as I can see, we are losing the war. I will give credit to the people to my left. I think they have done the best job. They go into urban neighborhoods and suburban neighborhoods. They have done a fine job, in my estimation, of drawing public attention to the problem that is experienced, as Mr. Florio pointed out very vividly, in Camden.

As I see on the television when I come home to South Jersey, Philadelphia, almost every night, I do not blame that on anyone. I will say this. We talk about a regional approach. We talk about a national approach. We talk about a bi-partisan approach.

Mayor, you call my number when you want help, you will have one Republican from the southern part of the state across the river there that is ready and willing to help you solve the—get a handle on the problem that you have.

I would like to suggest, as has been pointed out here several times today, Nancy Reagan says "Say No To Drugs", we know that is not the answer. You have indicated that to stop the supply side would be helpful. I am sure it would be helpful. I do not believe that is the answer either.

I drive home every week from Washington, D.C., up the New Jersey Turnpike, across the Delaware Memorial Bridge. You cannot go across that bridge without the New Jersey State Police sitting there, stopping cars, trying to find drugs.

As you came in the room today, we were listening to testimony from the Coast Guard and Captain Roe, DEA, Sam Billbrough, Customs Service, Dave Warren. It was almost my turn to ask the questions, and I wanted to ask them questions which I will get an opportunity to do when we are finished, when you are finished, about how they see their jobs and how effective they are, and they had given testimony already that had indicated the difficulty they have in interdicting drugs coming up this river.

So, that may be part of the problem. That may be part of the answer. But it is not the whole problem. It is not the whole answer. We have got a supply side problem, and we have got a user-consumer side problem. And as I suggested, I would like to volunteer here today, you call my number, and I will be here as one Republican from New Jersey to help you from your point of view and you can help me from my point of view because we have got the same problem in New Jersey, it is just not as obvious, to try and get a handle on it, to make some progress in the war that you declared in Philadelphia last year and the war that we declared in Congress nationwide about the same time.

Mayor Goode. I would, if I could, Mr. Chairman, just respond by saying that I concur one thousand percent that it is both a supply and demand side problem, and it is also something beyond that. It is also a problem of values. When I was thirteen years of age, if someone walked up to me in the street and said to me, I want you to go out and sell drugs, I knew deep down inside that was wrong and knew how to say no and run away and go tell my mother and father.

The fact that in 1988 young people are using and selling drugs throughout this city and throughout this country indicates that the young people do not understand that selling drugs is wrong. There is something fundamentally wrong with that problem, and the reasons I became very upset when one of my colleagues in Baltimore suggested we legalize drugs was because I regarded that suggestion as sending the wrong message that says it may be all right to use drugs. It may be all right to use drugs. Beyond the fact that drugs are illegal, drugs will destroy the body, the physical body, and the mind of all those who use the drugs.

We have to educate our young people starting early on and that is why we are focusing in on our elementary school kids, between ages six and twelve and beyond. We must teach them values, the same kind of values that you and I had when we grew up. We knew that selling drugs was wrong, and there is no way anyone can explain that away. We have to instill in our young people a set of high values and high standards.

Mr. Saxton. Let me just emphasize what you said, and I think you are absolutely right. You know, we, not long ago, went through a presidential campaign, a long primary, and a long general election, and I watched all the candidates in that election process, and I agreed with some of them and I disagreed with some of them, and I watched Jesse Jackson, and I disagreed with a whole bunch of what he said, but when he talked about drugs and Jesse Jackson said it is a multi-faceted problem, it is an international problem and our State Department has to work with that, it is a law enforcement interdiction problem and our Coast Guard and DEA, the Customs Service has to work with that.

It is a law enforcement problem from the standpoint of our policemen on the streets. It is a law problem, a law enactment problem in terms of the Congress and city councils putting into place tough laws, but Jesse Jackson said, the one important aspect of this whole problem is teaching our kids about drugs, and I think he is right and he and I agree one hundred percent on that whole deal.

So, once again, let me repeat my pledge to do what I can to assist you.

Mayor GOODE. I will call you.

Mr. SAXTON. I was hoping you would say that.

Mr. FOGLIETTA. Congressman Coble.

Mr. COBLE. Thank you, Mr. Chairman.

Mr. Mayor, it is good to have you here.

Mr. Mayor, I want to touch very briefly on something that you volunteered in response to Mr. Saxton's question, and that regards at least the feeling or the sentiment of one Mayor of your neighboring city to the south here about the legalization of—I think he proposed legalizing marijuana and cocaine.

Now, in his defense, the good news about that is it would clearly address the profit margin. It would clearly address the creation of these midnight millionaires, who become millionaires because of drugs, directly because of drugs.

That is not to say, however, Mr. Mayor, and Mr. Chairman and colleagues, that I am in favor of legalization of drugs because I am not. There is just an anathema about that that offends me, and I assume that you share that view, based upon your comments.

But what do you think, Mr. Mayor, hypothetically, that such a legalization concept would have on the City of Philadelphia's war on drugs?

Do you agree with me when I said that it would pretty well eliminate or certainly reduce the profit margin? And, understand, Mr. Mayor, I am not advocating that we legalize drugs. That is not my case at all, but a lot of folks, Mr. Chairman, will not even discuss it—oh, no, we cannot even talk about this because it is a hot potato.

But what would be your comment to that, Mr. Mayor?

Mayor GOODE. Well, first of all, I am probably one of those persons that you speak of. I think that even a discussion of legalizing drugs is wrong because it sends the wrong message to our young people, that it may be all right to use that stuff.

Mr. COBLE. Well, now, Mr. Mayor, I want to be sure that no one in this room leaves here thinking that I am advocating that we legalize drugs. I want to make that crystal clear.

So, go ahead.

Mayor GOODE. I do understand that, sir.

But you asked me my opinion, and my opinion is that I just think the whole idea is a dumb idea. I start there. And I have told Mayor Schmoke this, I told him that directly, and I have not minced words at all in dealing with this.

I have a strong feeling against any use of drugs. A very, very strong feeling. Drugs destroy the body, prevent young people from realizing their full potential, and cut off lives of people before they have a chance to live.

Beyond that, I do not know any substantive basis upon which even to have an academic discussion around legalizing drugs. Therefore, I would respectfully, sir, decline to engage in a discussion with you about what it would mean to Philadelphia because I can say to you if it happens here, I am leaving.

Mr. COBLE. Well, Mr. Mayor, in closing, thank you, Mr. Mayor and Mr. Chairman.

In closing, if someone in the room has an idea as to how we can address the profit margin, I am not saying legalization, but I think that is what we are going to have to get a firm hold to, as we say down in my state and your state, Mr. Mayor.

That is where I am coming from.

Mayor GOODE. Our home town.

Mr. COBLE. Well, not our home town, but home state.

Mayor GOODE. Yes. I think that certainly limiting the supply of drugs is one way of dealing with this issue.

Mr. COBLE. Well, too, and I am not going to go on here, Mr. Chairman, but as my colleague from New Jersey, Mr. Saxton, said, I mean, saying no to drugs is—that has a nice buzz word ring to it, but we are going to have to go beyond that. That may be part of the equation, if we can work into it.

But, thank you, Mr. Mayor. Perhaps we will talk at a later time.

Thank you, Mr. Chairman.

Mr. FOGLIETTA. Mr. Borski.

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. Mayor, nice to see you. Thank you for your testimony and your strong leadership on this issue.

Now, I understand that you have problems locally with your budget and we have problems in Washington with our budget, and we have had those problems for the last several years, and I think a couple of things you spoke about in education for our young children is extremely important, and I also think that it is important that we have the law enforcement means that we need in Philadelphia.

My question to you is, during the last few years, has the City of Philadelphia received more or less money in the total effort to fight drugs?

Mayor GOODE. We received more money because prior to that time, we received none. So, more is not necessarily a big step. It simply means that we received, I think, last year about $2 million. I am talking now about a direct war on drugs in terms of law enforcement. We expect to receive $2 million or maybe a little more this coming fiscal year.

It helps, and I want to be very, very clear. It helps a great deal. The federal law enforcement people from DEA assigned here helps a great deal. All of those things help, and every single time we can find additional resources for additional personnel, it helps, whether it is $10,000 or $20,000.

So, we will take anything that we can get because we will apply that immediately towards this war on drugs.

Mr. BORSKI. How about on education? Is there—has there been any federal dollars to educate young people on the problems?

Mayor Goode. The answer is yes. I cannot specify in any detail where those dollars have gone, but I can tell you that our school system has received federal dollars. That funding has enabled us to work within our school system more effectively in setting up programs in our elementary schools, especially.

Mr. Borski. Okay. Thank you, Mr. Chairman.

Mr. Foglietta. Mr. Mayor, I thank you for your testimony, and I thank you for being here. We are honored to have you here with us.

Mayor Goode. Thank you all very much for your leadership.

Mr. Foglietta. Thank you.

Mayor Goode. Thank you.

Mr. Foglietta. Okay. We will reconvene our panel.

In order to attempt to expedite this a bit, I would just like to ask a couple of general questions and then I will turn it over to my colleagues. You can expect—this is such an interesting subject and a vital subject to our nation, I can go on and have a discussion on this thing for the next three hours, which I do not intend to do.

But one of the questions that I have heard comments about the use of dogs for the sniffing of illegal drugs. I have heard about the use of x-ray machines to x-ray the equipment coming in.

I would like to know of any one of you whether or not you have the wherewithal to obtain the equipment you need to fight this war or is there a shortfall in money to obtain equipment.

Mr. Warren. From the Customs Service point of view, in Philadelphia, currently, there is one K-9 unit. We supplement that sometimes with the Philadelphia Police Department's K-9 drug dog. New Jersey State Police now has a K-9 drug dog.

So, we use some of the other resources available in the area to supplement us, but it would be good for Philadelphia to have the second dog.

Mr. Foglietta. Do you need more money for more equipment?

Mr. Warren. You always need more money. I mean, the answer—what we are trying to do with what we have, you know, as I am a manager, I have my budget that I have to work within, and what we have tried to do here is we are working now with the National Guard. We are working—we just set up some agreements with the State Police.

Mr. Foglietta. Let me rephrase my question.

Is there any equipment that you need or would like to have to fight this war on drugs which you do not have because you cannot pay for it?

Mr. Warren. I believe there is. I believe we do need to examine containers and to strip them down. We need heavy-duty equipment. We need good x-ray machines, like Secret Service has.

Mr. Foglietta. In the anchovy case, you had to borrow your——

Mr. Warren. We had to borrow from the Secret Service. Secret Service in New York lent it to us, and we would like to have an x-ray machine in the Port of Philadelphia where you can unload a container and you can put the cases on and a belt takes it through the machine and you monitor and x-ray there.

Mr. Foglietta. The equipment that you need, you do not have the money for?

Mr. Warren. That is correct.

Mr. FOGLIETTA. Mr. Billbrough or Captain Roe, do you want to comment on that?

Mr. BILLBROUGH. Our system is the same, sir. For example, we are in the process of attempting to install a voice privacy radio system. It is ninety-eight percent completed, and we do not have the other $25 or $30,000 to complete it.

The net effect of this is that our units are operating in the clear and subject to interception. It is not unusual to not have the money or the resources to do the job.

Yesterday, I received my operating budget figures for the next fiscal year. They indicate a ten percent decrease in DEA's operational fund, thirteen percent decrease in the state and local task forces funds that we participate in, a thirty-three percent decrease in the fund to purchase evidence and to purchase information for the task force activities.

Mr. FOGLIETTA. This is one of the things that upsets me as a member of Congress representing the City of Philadelphia, that we have $800 million to spend on the B2 bomber, but we do not have enough money to buy you gentlemen an x-ray machine. This really upsets me.

All right. Second question I have, again anybody can answer it, is that, is Philadelphia becoming a port of entry for the general region, in your opinion, in view of these two gigantic shipments that have come into the Port of Philadelphia?

Are we getting to be the port which is going to be supplying the entire region, including the Port of New York?

Mr. BILLBROUGH. I think there is a very heavy federal presence in New York and in Miami, and I think traffickers are aware of that, and I think they have elected to try to use ports where there is less federal presence, and that accounts for the—probably accounts for the fact that we were targeted for those two major shipments.

Will it continue? It probably will continue, but maybe they will look at Boston or maybe they will look at Charleston, South Carolina, because they tried to slide it by us and they did not do so because of the alertness of the Customs personnel in these cases.

Mr. FOGLIETTA. Thank you, Mr. Billbrough.

Mr. Saxton.

Mr. SAXTON. Thank you.

It occurred to me, and this is a general kind of a policy question that may help us in Congress to concentrate on the specific areas of concern that you have, it occurred to me by listening to the testimony from all three of you that it appears that your job is a very difficult one, and let me say that it looks like you did a good job in these two cases. The Attorney General's Office as well in the prosecuting and hopefully bringing to justice the situations you were involved in.

But, at the same time, as you point out, your job is a difficult one. In the case of the anchovy shipment, if it had not been for prior knowledge that somehow there was a clue that this was going on, you would have had no idea, I assume, that the shipment was there.

In the case of the cocaine that was hidden in the bottom of a machine of some kind, industrial equipment, you cannot tear apart every piece of industrial equipment that comes into the country.

In the case of the Coast Guard responsibility for searching ships, there are many compartments in ships that are not accessible for one reason or another. May be a health hazard. And, so, your jobs are very, very difficult ones, and the question, I guess, goes to a very simple policy statement on the part of those of us who helped make that policy, and that is, are your jobs or the functions that you carry out something that we can look at in terms of the significantly increasing percentage of drug shipments that come into the country by your three agencies if we do certain policy—if we make certain policy decisions and, if so, what would those policy decisions have to be?

Mr. BILLBROUGH. Sir, you posed very complex questions. I think those of us that spend almost every waking minute of our lives thinking about this problem keep trying to come up with innovative ideas, and I think collectively we do that little by little by little, but I do not think that there is any magic solution to it.

I, frankly, personally and not speaking for my agency, feel that the federal effort is grossly under-funded. I think of the statement that the Chairman made earlier, that one bomber costs $800 million, and then I think we have lost two of them through accidents in the past month, and DEA's budget is $500 million for one year.

So, those two lost airplanes would have been our total budget for three years. I know that it is a common thing to say just give us more people, give us more money. Nevertheless,I do not think we have the resources to do the job.

Not only that, it appears our resources are being decreased at a time when the problem is at its worst.

Captain ROE. I would second that comment as a statement, resources should be the single biggest statement that could be made.

In Philadelphia, we are left with the task of trying to chase down a sixty-mile an hour high-speed boat with a boat that goes thirty miles an hour, and mathematics will tell you that it is going to take a long time to catch him. Only if he runs out of gas first.

And I think I would also echo the Mayor's concern that we have to be tough on those that get caught. If we are not, then that sends the wrong signal to them, that it really may be okay.

Mr. WARREN. I would just like to comment on a historical perspective from what you ask, and I look at back in 1969, when we ran Operation Intercept that closed down—the main threat was from Mexico at that time, the drugs, and we closed down the borders and we stopped up all the stations and what we ended up doing was making it go to Florida, and then, in 1982, we wanted to answer the Florida question. So, we pumped in manpower, DEA and Customs and Coast Guard into Florida, and then we made it go up the United States, up into the Carolinas and into Virginia and into the East Coast and flying into Upstate Pennsylvania.

So, we try to meet the situation and make more seizures because we identify where the problem is and what happens is they change their routes.

I think what is happening today is DEA, Customs and all the other agencies that are fighting it, we are going by computers now.

We are trying to stay—trying to get at least a leg up on the bad guys and doing things in advance as you ask, can we get some lead time, two weeks ahead of time, before the ship comes in.

Those are some of the things that we are trying to do to meet the situation, but as far as, you know, totally going and winning the war, I think it is going to be a full-time commitment. We cannot cut back now the money and the resources and say, okay, go straight five percent back or straight ten percent, like I understand the Federal Government employees are getting a four percent raise, and it has to be absorbed from the current budget.

So, that means that you are cutting us back automatically. You gave us four percent raise, but you are cutting us back. The same thing is happening when you have an entry-level position. We are having a hard time finding good people to come into federal law enforcement today because we have to start them at $15,000, whereas the local police department starts them at $22 and $23,000.

There has got to be some change and there has got to be some more money to give us the resources we need and the good resources and quality resources. There is a lot of kids that work in co-op programs and colleges and interns with DEA, Customs and all the agencies, and they would like to come with us, but all we can offer them is $15,000. They can get more on a local police department or a county police department and, in the long run, they can get more.

So, it is really hard to get the quality people to stay and help us and to carry on, and I know Sam, myself, and Ed in a few years from now, we will be retiring, and there is a big gap in the resources because most of our force are an older force now, and they have been it, and we cannot get the young people to come in because the money is not there.

So, we need the money. We need to continue pumping in resources and manpower-wise and equipment-wise to stay up to the bad guys.

Mr. FOGLIETTA. Thank you.

Mr. Coble.

Mr. COBLE. Thank you, Mr. Chairman.

Mr. Billbrough, in your testimony, I do not know that you said this orally, but in your written testimony, you indicated that you all became involved after the Customs dog indicated that there was probably narcotics present.

I do not mean this to sound cute, but, procedurally, you all do not have to wait for the snarl of a Customs dog before you become activated, do you?

Mr. BILLBROUGH. No, sir.

Mr. COBLE. Strike that. I mean to say this as well. It, furthermore, is stated in your statement that your computer check indicated that the shipper was, indeed, suspect. So, those two together, comment on that, if you will.

Mr. BILLBROUGH. Sir, I am satisfied that the Customs Service notifies us at the earliest moment that it is possible when they are suspicious of an activity.

Otherwise, what they would be doing is calling daily and say we are looking for a ship today and we do not know about it yet. So, I am quite satisfied with the time of notification and I am very pleased with the cooperation. It is outstanding.

Mr. **Coble**. Well, obviously, somebody did something right. I am not being critical about this, but that grabbed me when I saw that.

Mr. **Billbrough**. Yes, sir.

Mr. **Coble**. Mr. Warren, very briefly, I realize we are close on time here. Would you outline for the record the nature and the purpose of the carrier initiative agreements with which you all have entered with some carriers?

Mr. **Warren**. Okay. Essentially, as far as you mean the manifest reviews and the bill of lading searches?

Essentially, what the Customs Service is doing as part of its new program, Sea Tag, is that the steamship companies are receiving all the bills of ladings and they prepare manifests and they essentially send those manifests, advance manifests to Customs, and prior to the ship arriving in the Port of Philadelphia or in the United States, the cargo on those manifests are run through our ACS, automated computer system, and also our TEC system, treasury enforcement communications system.

They are run through for the names of the consignees, the IRS numbers that might be on the paper work on the bills of lading, the commodity is run, the type of cargo that is actually coming in, the country that it came from, if it is a source country, and if we have information or intelligence that it is going to be coming via Spain, from Colombia to Spain to here.

Those type of routes are all in our system. They are run through the system. The individual on that manifest, he takes that information and he passes it on to what we call our contraband enforcement team, which is made up of inspectors.

They take that information and they massage it a little further. They go to the consignee's address or call a counterpart in a different port to check if the address is good, to check if it is just a mail drop, to check if the phone number is a legitimate phone number or if it is just a hotel that they are waiting for.

They then go a little bit further and they see how the shipment was paid for, the documentation, whether it was money orders, cash or whether there is a check from a legitimate company.

Mr. **Coble**. And that is working favorably, as far as you are concerned?

Mr. **Warren**. Right, and what is happening now, and in Philadelphia, we started a new system with the FBI and DEA, and we are reviewing each other's reports, and we are taking the information in that we find in those investigative reports and we are throwing it into our ACS system. So that if they pick up information in an investigation, specific cargo might be coming in, that information is automatically in the Customs computer, and they are fed back. If we come across that, it is given back to them.

So, we glean each other's reports. There is an exchange of reports and intelligence, and it is all fed into the system to help the inspectors on the line.

Mr. **Coble**. Captain Roe, as captain of the port, would you be in a position to become aware of cases involving United States mariners who were found to have used drugs in violation of the law?

Captain ROE. We do become aware of cases such as that. Perhaps the range of cases could be best exemplified by two that we were involved with recently.

The first involved two U.S. seamen on a U.S. merchant vessel in Europe. They both overdosed. One was revived. Unfortunately, the other one did not. So, that is one extreme and certainly is drug use by a U.S. mariner.

In that case, the second individual who did recover surrendered his license. He is not going back to sea any more.

The second case originated in Valdez, Alaska, and the Customs agent discovered on a U.S.-flagged vessel in the state room of one of the seamen paraphernalia, including a pipe which had residue in it.

Because the seaman is from the Delaware Valley, he requested that the Coast Guard pursue his case, or change the venue to, Philadelphia. Yesterday, we received the laboratory evidence back from the sample residue in the pipe which tested positive for marijuana.

So, we have a hearing scheduled for that individual. Generally, the Coast Guard's actions concerning licensed mariners is that if the mariner violates a law, we take action against his license.

If we are successful and his license were revoked, in effect, we are taking away his livelihood at least in that profession.

Mr. COBLE. Say in the last three to five years, have these instances occurred frequently, infrequently, or do you know that?

Captain ROE. I do not know the exact numbers.

Mr. COBLE. I would be interested in knowing that, at your convenience, if you would get that to me.

Captain ROE. Yes, sir.

Mr. COBLE. Thank you, sir.

Thank you, Mr. Chairman.

Mr. FOGLIETTA. Thank you.

Mr. BORSKI. Mr. Chairman.

Mr. Billbrough, I think I must have heard you incorrectly a few minutes ago. You were talking about the amount of money you were being decreased?

Mr. BILLBROUGH. Yes, sir.

Mr. BORSKI. Is that locally or nationally?

Mr. BILLBROUGH. That is the Philadelphia Field Division, sir.

Mr. BORSKI. Is money going up on all and Philadelphia just not receiving its fair share?

Mr. BILLBROUGH. The Drug Enforcement Administration, as I understand it, sir, was funded at the same level as they were last year as far as the basic appropriation.

However, the pay raise that Mr. Warren mentioned comes out of that. In addition, it is my understanding that we will soon occupy a new headquarters building and a new headquarters building in New York, and other expenses such as that has caused a basic decrease in the availability of funds.

Now, the Congress in the Drug Bill provided $30 million real money, that is, that can be spent, and the breakdown of those funds, as I understand it, are all earmarked. So that for our air wing, that is, additional airplanes and pilots, received $20 million for the air wing, $5 million is appropriated for the new Epic facility, that is the El Paso Intelligence Facility, and other expenses, $5 million, new data processing, $865,000, financial investigations, $1 million, and administration, $3 million, totals the $30 million additional that the agency received. All of the $30 million extra, as I understand it, was earmarked as I've indicated, therefore, across the board, the basic funds available for operations in the field in all DEA offices are being reduced an average of fifteen percent.

Mr. BORSKI. So, all field offices are being reduced, not just Philadelphia?

Mr. BILLBROUGH. That is my understanding.

Mr. BORSKI. Based on your understanding?

Mr. BILLBROUGH. That's correct.

Mr. BORSKI. So, is that a trend that has been happening the last several years due to our budget problems in Washington? Would you suggest somewhere in that neighborhood?

Mr. BILLBROUGH. No, sir. I would say that the trend has been for the last several years that the most active offices, such as Miami, have received increases. Other offices, such as Philadelphia, have remained relatively static.

Mr. BORSKI. All right. And, so, the major piece of legislation that we spent extra weeks in Washington last year and I think passed a similar Drug Bill or another major PR piece of legislation the term before that has basically not put any dollars at all into your efforts to stop drugs from coming into this country.

Would that be fair to say?

Mr. BILLBROUGH. Sir, if you are talking about the most recent legislation, yes, it is fair to say that. Obviously,, if you are talking about prior years and particularly the prior major Drug Bill, what was that?

Mr. BORSKI. 1986.

Mr. BILLBROUGH. 1986. Yes, sir. Additional funds did come into our agency, although not necessarily here.

Mr. BORSKI. All right. But your efforts have not been helped, certainly not by the new Drug Bill we passed last year, and can I ask you this?

If there was money given—well, my question is, there is supposed to be additional dollars in the next several years. Are they also all earmarked?

Mr. BILLBROUGH. No, sir.

Mr. BORSKI. Then, do you have some discretionary money? And if Congress funds it.

Mr. BILLBROUGH. If Congress funds the legislation which it just passed, it is up to Washington to determine the allocation of those resources that would be made available.

Mr. BORSKI. But you have already been notified that you are to receive a fifteen percent decrease?

Mr. BILLBROUGH. Yes, sir, and on the basis of that, I had extensive conversations with our people in Washington, and they indicated to me that it was not directed specifically at Philadelphia, that it would be an across-the-board reduction.

Mr. BORSKI. Was the money that was earmarked, is that being well spent, in your view, or do you think there would be a better use of it to get it to your department in a general form?

Mr. **Billbrough**. Sir, it is difficult for me to answer that question because these resources are being used worldwide. We have some sixty-seven overseas locations, and I cannot be familiar with exactly what their needs are.

I certainly think we need more aircraft for our operations in South America.

Mr. **Borski**. But you did just say that you think that it is possible that there will be more drug activity in Philadelphia due to the activities in New York, and in the same token, you are being decreased by a full fifteen percent.

Mr. **Billbrough**. Yes, sir. I think the drug activity continues to increase in this area, continuous more and more.

Mr. **Borski**. Thank you very much.

Mr. **Billbrough**. Yes, sir.

Mr. **Foglietta**. Thank you, Congressman Borski.

Well, I think that concludes the very interesting testimony and questions and work of this panel. Your input has been invaluable to what we are trying to achieve at this hearing.

I thank you for being here today.

Mr. Imperial. Mr. Rochford. Mr. George.

Now, Mr. Imperial, did that name originally have an 'E' on the end of it?

Mr. **Imperial**. Indeed, it did.

Mr. **Foglietta**. Okay. Imperial.

Mr. **Imperial**. Si.

Mr. **Foglietta**. Thank you.

I believe that the first testimony will come from Mr. George, is that correct? Fine.

You may summarize your testimony. Your full statement will be included in the record.

STATEMENT OF STEPHEN M. GEORGE, ASSISTANT VICE-PRESIDENT, COLUMBUS LINE, INC.

Mr. **George**. Good day, Mr. Foglietta and members of the committee. It is good to see you again, Mr. Chairman. It has been awhile since I had the pleasure of introducing you as the keynote speaker in the 1987 Philadelphia Maritime Society Annual Dinner, and Mr. Borski the year before.

For the record, my name is Stephen M. George. I am Assistant Vice-President of Columbus Line, Inc., in charge of the Philadelphia Regional Office.

The Columbus Line, Incorporated, maintains a fully-staffed regional office at 510 Walnut Street as well as a marine operations office inside the Holt Marine Facility in Gloucester, New Jersey.

Thank you for the invitation to appear here today. Columbus Line was founded in 1957 by the West German Steamship Company, Hamburg-Sudamerikanische, to service the trade between North and South America.

In 1962, it launched a service between Australia, New Zealand and North America. Columbus Line has been calling at the Port of Philadelphia since its inception.

By direction of the senior management of Columbus Line, every employee of Columbus Line of Philadelphia must cooperate fully with all federal agencies involved in drug investigations. All requests for information concerning our vessels or cargo must be supplied to the requesting agency immediately and accurately. All details of Philadelphia drug investigations are reported to senior management on a daily basis.

Columbus Line of Philadelphia's standard operating procedure demands we file a complete preliminary inward manifest with the United States Customs five days prior to each vessel's arrival in Philadelphia.

Very often, we must supply additional detailed information concerning specific containers. On occasion, inspectors or agents from the United States Customs will visit our regional office to discuss specific cargo with our employees who handle this cargo on a daily basis.

Our operations people come in contact with U.S. Customs inspectors every business day at the Holt facility. Whenever necessary, we obtain by special messenger or fax details of cargo discharge and outports reviewed by authorities in Philadelphia.

In all aspects of drug investigations, Columbus Line stands prepared to cooperate fully with federal agencies.

The seizure of 2,475 pounds of cocaine hidden in cases of anchovies loaded in a sealed house-to-house container, repeat sealed house-to-house container, and carried on board the Columbus Olivos, is another example of Columbus Line cooperation.

Our Philadelphia office filed a preliminary manifest on 25 August 1988. Our operations department commenced cargo operations under U.S. Customs supervision on 30 August 1988. All requests for delivery details were complied with during the time frame 12-15 September 1988.

Both federal agencies and Philadelphia should be congratulated for their work in drug interdiction. Columbus Line, Inc., is currently reviewing the carrier initiative agreement and anticipates signing same in the immediate future.

We stand prepared to continue our cooperation whenever necessary. Our only request is that our colleagues in the federal system review the undue financial burden placed on carriers which result from conformance to drug investigation initiatives.

Thank you.

[The prepared statement of Mr. George can be found at end of hearing:]

Mr. FOGLIETTA. Thank you, Mr. George.

Mr. Rochford.

STATEMENT OF DENNIS ROCHFORD, DIRECTOR, TRANSPORT RELEASE AUTOMATED CARGO STATUS PROGRAM

Mr. ROCHFORD. Yes. Thank you, Mr. Chairman, members of the committee.

My name is Dennis Rochford. I am the Director of the Transport Release Automated Cargo Status System, which is a division of the Ports of Philadelphia Maritime Exchange. The system is better known as TRACS.

This is a project that has been undertaken by the Maritime Exchange. The Exchange is a non-profit trade association representing about 200 port-related businesses on the Delaware River in Pennsylvania, New Jersey, and Delaware.

Mr. Chairman, what I would like to do is just briefly describe what TRACS is and then discuss how TRACS can be helpful on the front end in terms of the drug interdiction program.

The Maritime Exchange undertook the development of TRACS about four years ago. Our efforts to date have been underwritten by the Commonwealth of Pennsylvania. In addition to that, we have received funding from the State of Delaware, and at the present time, we are involved in negotiations with the Delaware River Port Authority for $1.5 million appropriation to complete the development of TRACS.

I would point out to the committee that this proposal to fund TRACS has been endorsed by both Governors Kean and Casey at a recent Governor's summit held at the end of October in Philadelphia. It is seen as one of the first steps toward port unification here on the Delaware River.

TRACS, simply stated, is an electronic clearinghouse of international shipping information. The generic of TRACS and other similar programs around the country is a mandate from the United States Customs Service to all ports and airports here in the United States to either automate or to perish. Custom's mandate comes as a result of increasing pressure to more efficiently and more productively track the movement of international cargo into our country.

Customs has, and in all probability will continue to reduce its manning levels at ports of entry here in the United States. They will increasingly rely more on the electronic exchange of information to determine which cargoes they will inspect and those cargoes which they will release for shipment.

There is a long list of individuals and organizations involved with international import cargo shipments. Each of these elements is represented by CustomsHouse brokers, terminal operators and steamship lines, and has a specific role to play in allowing the cargo to be finally discharged to its consignee here in the United States.

Standing at the center of this entire process is the United States Customs Service. It is their responsibility to collect duties and inspect cargoes and ultimately decide which cargoes to release and when.

The Maritime Exchange has been aggressive in developing the TRACS program for a very real business reason. The Delaware River Ports would be at a competitive disadvantage with their sister ports if they were not in a position to electronically clear cargoes.

Moving cargo as expeditiously as possible from the ship through the terminal to the ultimate receiver is the name of the game. Delaying cargo movements because of delays in paper work or lack of on-site inspectors to clear the cargo costs everybody time and ultimately reduces the efficiency of the entire transport chain.

Now that you better understand TRACS, let me take a few minutes to focus on the specific agenda at hand. We have reached a period in our history where drugs are becoming an enemy equal to any foreign enemy. People around the world are spending more money on illegal narcotics than they do on housing, food, education and medical care.

The international narcotics industry is currently the largest in the world with revenues exceeding one half a trillion dollars annually and earning interest at the rate of $3.5 million an hour.

The major sources of illegal narcotics trafficking include Mexico, Colombia, Afghanistan, India and Pakistan. More drugs come into the United States by sea than by air. Most of the heroin that enters this country is shipped into New York via the New York-New Jersey port area.

The greatest amount of drugs entering this country move through the Port of Miami or the port area of Miami.

The international thugs who are involved in the illegal drug business are not fools. They are shrewd businessmen who take advantage of the system and make it work to their advantage. For instance, drug traffickers know that a shipping line cannot break the seal on a container being shipped on one of their vessels. Therefore, they can use the commercial general cargo ship to move large volumes of narcotics with less chance of arrest.

TRACS and similar programs at other major U.S. ports will play a significant role in helping to thwart the illegal efforts of international drug smugglers. First, TRACS will assist Customs and other relevant federal agencies by providing valuable information prior to the ship's arrival.

This information will detail the ship's manifest and bills of lading. In turn, the information may signal the proper federal official to suspicious importers. As we all know, it was exactly this type of information that tipped ~~off local~~ officials to the major cocaine seizures here at our port last May.

Having timely information coupled with the Federal Government's effort to catalog country of origin profiles will assist in the early detection of narcotics movements in to the United States. Without sophisticated computer systems that can track this information, it would be virtually impossible to engage in early detection programs.

The transportation industry has clearly moved into the sophisticated age of information. Our automated programs are designed to achieve maximum productivity in a competitive international marketplace. However, this same information and the systems that generate it can be valuable tools in providing early information regarding those who would use the world of international trade to traffic in narcotics.

Without the cooperation and direct involvement of our industry, the Government's efforts to limit the flow of illegal narcotics into this country would be seriously impaired. I am sure it is clear to every member of this committee that the port community of the Delaware River is vitally concerned about this issue.

It has been reported in the press that some steamship lines are not calling at some foreign ports because of the threat that illegal narcotics may be part of the shipment over which they have little or no control. Some steamship lines are changing their routing to avoid certain countries because they fear that they may be unknowingly moving drug-filled containers.

Customs has already imposed strict fines on some steamship lines as a means to prod them into better policing themselves than they have in the past. Now, ship owners and importers are quite concerned that there will be added costs because the new security measures, delays in cargo clearance and more rigid inspections.

We are committed to the further development of TRACS as a means to alleviate some of the financial and operational concerns of the international shipping community. By working in close concert with U.S. Customs Service, we are striving to ensure that the Delaware River Port community's automated cargo tracking program is responsive to both the commercial user and sensitive to the national policy mandates of U.S. Customs.

This is a delicate balance to achieve. However, it is a balance to which we are committed. Our TRACS program here along the Delaware River is unique in that it is built on the combined input of both the user community and the U.S. Customs Service.

By responding to each set of needs and making each community aware of the needs of the other, we will develop a system that can be a model of joint cooperation.

Mr. Chairman and members of the committee, thank you for the opportunity of allowing me to testify here today.

Mr. FOGLIETTA. Thank you, Mr. Rochford.

Mr. Imperial.

STATEMENT OF WILLIAM McGUIRE, EXECUTIVE DIRECTOR, GOVERNMENTAL RELATIONS, B.R.I. COVERAGE CORPORATION

Mr. MCGUIRE. Good afternoon, Mr. Chairman.

My name is Bill McGuire. I am the Executive Director for Governmental Relations of B.R.I. Coverage Corp., located in New York.

B.R.I. is a complete multiple-line insurance brokerage firm. Ninety-five percent of our revenues are derived from placing and providing commercial coverages of insurance.

B.R.I. is a licensed brokerage in all the United States and Puerto Rico. In addition, we are excess surplus lines brokerage in New York State and New Jersey.

The June 20th, 1988, issue of Business Insurance, the weekly publication devoted to reporting the news of the risk management and insurance industry, was devoted to an evaluation of American brokers.

In its analysis, B.R.I. was ranked as the eighteenth largest brokerage in the United States.

It is my privilege to introduce Mr. Roger Imperial, Senior Vice President for Research and Development.

Mr. Imperial is regarded as one of the more knowledgeable senior executives of our industry, bringing more than thirty-two years of experience in underwriting programs for significant casualty exposures, including the marine and cargo industries.

Mr. Imperial has served with major brokerage firms, including Marshall and McLennen, Alexander and Alexander, and Corroon and Black. In 1969, he was appointed by Governor Rockefeller of New York to the post of special counsel to the joint legislative committee on insurance reform.

Mr. Imperial is a graduate of the Assumption College and the St. John's Law School. He has received an honorary doctorate of commercial science from Dewey College of Fairly-Dickinson University.

Mr. Imperial is on the board of directors of several private nonprofit organizations and he has recently received the Cardinal U Pin Award for fostering better Sino-American relations.

Mr. Chairman, may I introduce to you Mr. Imperial.

STATEMENT OF ROGER A. IMPERIAL II, SENIOR VICE PRESIDENT, B.R.I. COVERAGE CORPORATION

Mr. IMPERIAL. Good morning, Mr. Chairman.

Thank you for your invitation to address the current status of the insurance industry's response to the recent increase in frequency and zeal of the Federal Government governmental agencies involved in the enforcement of our nation's drug laws.

I hope to provide the committee with some orientation and insight into newly-emerging challenges to our insurance industry, which is of significant importance to this committee.

Recently, the United States Government announced that it would employ a zero tolerance rule with respect to illegal narcotics found by any U.S. Government agency during the course of its duties and seizure or confiscate any vehicle for goods upon which illegal narcotics were found.

Initially, this program gave a case of horrors to yacht, auto and aircraft owners, who indulge in marijuana, cocaine or other drug use for recreation, and several valuable yachts have been seized and sold as a result of recent Customs, Coast Guard and Drug Enforcement Agency activities.

This zealous approach to the enforcement of our nation's drug laws have now applied to commercially-imported goods and commodities, particularly where the country of origin has a reputation for being the source of illegal narcotics as producer, manufacturer or distributor.

In their vehement search for illegal narcotics, the United States enforcement agents have punctured and contaminated commodities destined for unit consumption as well as dismantled, damaged and even destroyed autos, furniture and the like, often without finding anything wrong or illegal.

In such instances, cargo underwriters are showing a growing concern with the following: namely: (a) the all-risk underwriter's obligation to pay for physical damage to cargo resulting from the U.S. Government's agencies' inspection procedure, and (b) the cargo owners for subrogated cargo underwriters right of action against the agency for damage so caused.

Reviewing Point B, our research leads us to the inescapable conclusion that the public, cargo owner or subrogated underwriter has no recourse against a federal agency or agencies whose function are akin to those carried out.

Customs agents falls within the exception to the federal tort claims citation in Formula One Motors, Ltd., v. United States and Nakasheff v. Continental Insurance Company.

The former, Point A, does not lead itself to an easy, clear or cut solution, primarily because of the free of capture and seizure warranties customarily found in a standing U.S. all-risk cargo policy.

Historically, the FC&S clause, which is of English origin, is a maritime insurance term for excluding war perils and is now incorporated in most marine policies, particularly cargo and hull. Its purpose under English insurance law is to make it clear that the policy excludes losses caused by war, hostile acts, or warlike attempts, whether or not there has been a declaration of war.

As to cargo insurance, under English or U.S. law, the perils excluded by the clause may be reinstated in the policy by agreement with the insurer and payment of additional premium. American courts, however, have not interpreted and applied the clause in harmony with English law.

As a result, cargo damage, while subject to U.S. FDA hold or during a period of detention by Customs authorities, have been held by federal courts as excluded by the terms of the FC&S clause. As explained in the United States Court of Appeals for the second court in a 1980 decision, the case titled Blaine Richard v. Marine Indemnity Insurance.

We think the consistent line of authority on this point should be followed here. Although the FC&S clause may have originally been inserted in the marine policies to protect against the risk of war, the Law of Admiralty's interpretation of recent years is to include seizure or detection by civil authorities seems consistent with the general purposes of this clause, which is to exclude from coverage losses arising from unforeseeable actions of sovereign states against the insured vessel.

In the case of policies such as this one, the insured's cargo. Moreover, the language of the clause itself declares that such fees or detention in times of peace as well as in time of war come within this exception.

B.R.I., which is an associate member of the American Institute of Marine Underwriters, a national trade association, the maritime specialists, addressed this question to their underwriters with substantial marine underwriting or claims experience as well as considerable education in the field, and each, without exception, said the physical damage claim would be paid under the all-risk policy, notwithstanding FC&S clauses.

This did not regard the clause as applying to damages intentionally or negligibly inflicted by government agents upon the cargo. As an illustration, if a Customs agent, after inspecting a containerized cargo, tosses a lighted cigarette into the container as the doors are being shut, causing a fire to engulf the cargo, the underwriter's obvious response to that would be that it would be covered.

There was, however, universal agreement that underwriters will not pay for damages caused to cargo on account of delay resulting from Customs inspections. FDA hold or detention by any agency, who, incidentally, in those American cases, found and uphold the application of the FC&S clause concerning only damage to cargo which resulted from delay during the period of arrest, namely Armoroso v. Sea Insurance Company, and loss of market during period of containment, Intermandale Trading v. North River, the natural, normal self-destructive behavior of cargo in unlawful custody cited Nakasheff v. Continental.

There have been recent reports where goods are subject to physical damage by the affirmative acts of agents inspecting merchandise which provide a hiding place for drugs. Recent examples include a large number of holes drilled in a shipment of lumber, breakage and scratching of furniture removed from factory packaging and damage from steel probes being driven through carts of fruit.

We understand that further legal opinions are being sought in these cases, and a proper industry response has yet to be given. Despite the lack of case law on this precise point, underwriters are liable under all-risk policies for physical damage to cargo caused by U.S. Government agents during the course of their inspection duties.

Such damage would be fortuitous and from an external case cause. It would not otherwise be excluded from the usual terms of an all-risk policy and the FC&S clause would have no application to search and seizure.

In conclusion, it is our opinion that the insurance industry, which often utilizes the dynamics of self-correction with emerging challenges, will develop an internal mechanism to protect the insured fully against this type of loss.

Whether this mechanism will take the form of a rate increase or not providing universal coverage for new exposure or in the development of additional elective coverage which is made by individual choice.

However, in no case would coverage be in effect for the insured who knowingly was shipping contraband or illegal narcotics.

Thank you.

Mr. **Foglietta**. I thank you, Mr. Imperial.

It is important to have this information. Do you believe that your industry would go on record on these matters in Washington?

Mr. **Imperial**. I think that we have two segments of the insurance industry in question. One, the primary writer of all cargo and marine insurance would be London, Lloyds of London, in particular, and then we have the American Marketplace.

Lloyds of London has several hundred years of exposure to draw upon and they have a broad brush approach to this type of situation. Their natural approach would be to always cover this instance.

American Underwriters being far more strict in interpretation of laws have not yet decided as to universal approach. The organization that we belong to, that, in effect, promulgates information, I believe at some time in the near future would be willing to go on record. However, I do not believe it would be at this date.

Mr. **Foglietta**. I thank you, sir.

I am going to ask some general questions because of the consideration of time, and anyone who wants to comment on them can.

Mr. George, you said that it takes—you give the manifest five days in advance.

Mr. **George**. Yes, sir.

Mr. **Foglietta**. For the perusal by the authorities here.

Is there any way that can be sent earlier?

Mr. **George**. In the South American trade, even five days is a difficult time frame because the manifest is not put together and put into the computer until it sales from the last port in South America.

In the Australian-New Zealand trade, we deliver it or are capable of delivering it much sooner because it is three weeks between last port and first port, but it is only seven to ten days last port/first port in this trade.

What we do, Customs does call and our people sit there and work out all details. If the manifest is not available but the bills of lading are, they come in and peruse the files, and we turn our files over to them any time they want them. The minute the manifest is done, you turn it over. Five days is the minimum amount of time. We attempt to get it sooner, but it is very, very difficult in this trade, South America. In other trades, it is not.

Mr. **Foglietta**. Two more specific questions, generally the same questions.

That is, in your inspections, in the inspections done by DEA and Customs and other law enforcement agencies, is there a tremendous burden involved in the costs? For instance, we hear them having to open up twenty cans of anchovies before they get to contraband.

Suppose there was no contraband. I am certain that the purchaser is going to be quite upset in getting twenty cans of opened anchovies. I am sure there are lots of other problems in this kind of inspection.

We certainly want to inspect and dig out every ounce of narcotics we can, if possible. On the other hand, we see the problem involved in doing so.

Do any of you to care to comment on that?

Also, Mr. Rochford said that the seals are not allowed to be broken. Was that—how was that avoided in the anchovy case?

Mr. **George**. It was not. We broke it.

Mr. **Foglietta**. You broke it?

Mr. **George**. Well, the U.S. Customs in their operating procedures removed the container from the terminal, took it over to Philadelphia, and broke the seal and investigated the cargo, which is their right.

Mr. **Foglietta**. Suppose they had broken that and again in terms of my question, suppose they had broken the seal and there was no narcotics?

Mr. **George**. The consignee eventually would have known or found out when he checked the seal that someone had gone in there. He would have contacted our office, why is the seal changed, and at that point, we would have had to inform him what occurred.

Mr. **Foglietta**. And does the loss, financial loss sustained by that action, suppose the cargo spoils or whatever, then who bears that loss?

Mr. **Imperial**. Yes, indeed, we would, as long as it was legal cargo and the shipper was not shipping narcotics. In such case, there would be no payment of claim.

Mr. **Foglietta**. I have no further questions.

Mr. **Saxton**. I would just like to pursue one thing with Mr. Rochford, if I may.

In your testimony, you talked extensively about TRACS system and (1) how close are you to having the TRACS system fully implemented?

Mr. ROCHFORD. Well, we are in the process of operating the pilot program now. The study was done a couple of years ago, and there are three-phases to put this system on line.

When I got here in April, I visited several other ports and it was pretty clear that the smart money was to put together a working committee of port users to take the study that was done by the Maritime Exchange and the DVRPC, let them look at it to make specific recommendations and changes. We proposed a set computer screens, and the brokers, terminal operators and steamship lines reviewed them and told us what information they needed and how it should be formated.

We accomplished this by the beginning of September, or middle of September, and had the hardware/software in place for the pilot program to begin at that time.

At this juncture, we have terminals in all three states on line with the system, Wilmington DE, Packer Avenue Phila., and Holt in New Jersey. We are working with the South Jersey Port Corporation and Northern Shipping in Philadelphia to bring them on line. We have got two of the biggest brokers in town, Wolf, Barth and Steer on line. We have at this point one steamship line, Sundquist, but we are talking to others.

So, we have ten-fifteen users on line in the pilot program. We are actually testing TRACS and making sure that it works.

The other thing that we have accomplished in this port community that I think represents more the effort of the port community itself than any of us working with the project is that, we have tied into local U.S. Customs at their facility at the Customs House here in Phila.

I am not quite sure that there is any other port in the country that is in that position in terms of their having hooked up with us. So, we have a fully-integrated computer tracking and cargo release system in place that is operational on a pilot basis.

In a sentence, by next June, I hope we are up and running.

Mr. SAXTON. You mentioned in your testimony, also, that this has gained wide acceptance in the Delaware Valley area, that both Pennsylvania and Delaware have contributed funding towards it, New Jersey has not.

Mr. ROCHFORD. Well, yes, but that—yes and no. Initially, when I got here, we went to the three states, Delaware, Pennsylvania—Pennsylvania put a quarter of a million into it last year plus they funded the study the year before.

Then, I was working with the legislators in Pennsylvania, Delaware and New Jersey to get additional funding, the $1.5 million. It was the decision, I guess through the course of the summer, that the two Governor's offices, Kean and Casey, that it ought to be funded through the Delaware River Port Authority.

So, even though New Jersey does not have "dollars in the system", they have a strong commitment along with Pennsylvania to fund it. Delaware is a little bit different. Since they operate a single facility in Wilmington, it isn't realistic to go down there and suggest that maybe they ought to put a half a million dollars into this project, even though I live there, is a little hard to get done.

So, the fact that they put, I think it is, $50,000 into it in their 1989 budget is a good sign.

Mr. SAXTON. Mr. Chairman, I can only suggest—thank you. I can only suggest that based on what we heard from Dave Warren of the Customs Service and Sam Billbrough of the DEA, a system like this would appear from what we have heard today to be of great use to federal law enforcement agencies, and I think that Merchant Marine and Fisheries, specifically your subcommittee, I have just a suggestion that I would make in that we could encourage DEA and Customs Service to keep us well informed on how they are able to use it and how they benefit from it because it certainly sounds like something that is very, very worthwhile.

Mr. ROCHFORD. If I might, Mr. Chairman, I will tell you that conversations have already gone on between Customs and the Maritime Exchange. If they choose to talk about it, they can, but I think they have that same sense.

Mr. FOGLIETTA. Thank you.

Mr. Coble.

Mr. COBLE. Mr. Chairman.

Mr. George, I asked Mr. Warren about the carrier initiative agreement. I would like to hear from your perspective on that. Walk us through that.

Mr. GEORGE. Carrier ship agreement specifically spells out the responsibilities of the carrier involved in international trade with this country. Our lawyers and our senior management and our principals in West Germany are reviewing it and tending to the belief that they will sign it within the immediate future, possibly as soon as next week.

Cooperation is the by-word of Columbus Line in all drug investigations, and we view the carrier initiative agreement as a product of our cooperation and we will sign it, and it spells out specifically what we will do to enhance our cooperation.

Mr. COBLE. Gentlemen, any of you can respond to this. The Chairman touched on it, I think, in one of his comments.

But the United States Government has clearly placed a high priority upon drug interdiction, and I think properly so, but in some instances, this high priority has interfered for wont of a better word with legitimate commercial operations.

To what extent do you all believe that the Government may have over-extended itself in privatizing drug enforcement, whether or not intentional?

Mr. GEORGE. I would like to respond to that, sir.

From the Columbus Line point of view, the federal agencies are here to do a job and we are here to cooperate with them. However, I would like to point out steamship companies are profit oriented. We are in business to make money for our owners.

In one particular case, the Columbus, Ohio, voyage Northbound, we were asked to remove three containers of frozen fish, which was not even Philadelphia cargo. It was cargo for another port. As Captain Roe pointed out, to get to a particular container, you may have to move many, many other containers.

In this instance, I had to move ten containers to get to three. Also, I had to put those ten back. So, I had twenty moves at a significant financial burden. On overtime, we had to ship those three containers out with international longshoreman's association labor because we are signatories to a contact with these gentlemen, under supervision of DEA, the U.S. Customs, dogs, x-ray, the whole bag, and put it back into the container and put it back onto the ship.

Our cost exposure to Columbus Line for that one incident was $10,000. I virtually have no way of recovery. If I go to the consignee and tell him right away your cargo was inspected by federal agencies and you owe me $10,000, that is the last time he ships on my ship and I probably own three containers of fish because he will not pick it up.

So, our problem is a financial burden. We will cooperate to the nth degree, give you whatever you want in manpower, paper work, but we are looking for someone to help us out with the financial burden. $10,000 is a significant loss on one operation.

Mr. COBLE. In that illustration, Mr. George, I presume that no drugs were detected?

Mr. GEORGE. That is correct, sir. Plus there was no claim against the cargo. The longshoremen did their job perfectly. The investigating agencies did their jobs perfectly. The cargo had a minimum exposure and was reloaded properly, and it is quite a trick to get frozen product back into the same container without having anything left over.

The job was done properly, but it cost $10,000 that we had to front so far.

Mr. FOGLIETTA. Mr. Imperial, will you cover that?

Mr. IMPERIAL. Yes. I will, indeed. Not in that particular situation.

You have a situation that we would respond to loss on an all-risk basis. The problem here is that we are a pooling mechanism. Insurance is a pooling mechanism. There is charge backs. We are going to pay these claims, but eventually the shipper is going to pay the premium, the increased premium from that exposure.

So, there is an increased cost that is going to be obvious, and this is stepped up. We have seen more and more of it. We predict we are going to see a lot more of it, and there is going to be significant costs passed along.

Mr. FOGLIETTA. I thank the gentlemen on this panel for your informative testimony, and I am sure that your input is going to help us in making the decisions we have to make in Washington.

Thank you.

The next panel will be a panel of four. Arthur Boyle, President of the Delaware River Stevedores. Mr. John Resta of Local 1242 ILA. Mr. Joseph Hall, Local 1291 of ILA, along with Captain Jack Sparks, President, Pilots Association for the Bay and River Delaware.

Gentlemen, welcome to this hearing. Anybody want to go—any particular person want to testify first? Mr. Boyle? Fine.

STATEMENT OF ARTHUR J. BOYLE, PRESIDENT, DELAWARE RIVER STEVEDORES, INC.

Mr. BOYLE. Mr. Chairman, committee, in response to your invitation to testify regarding the inspection and searching of merchant vessels and cargo for illegal drug shipments, I would like to relate the circumstances that affected our company, Delaware River Stevedores, Inc., and its employees in two instances when extraordinary drug searches took place.

The first incident took place with the arrival of the Argentine vessel, Arturo Gomez, at Packer Avenue Marine Terminal in May 19th, 1988. Our terminal manager was alerted to the fact by U.S. Customs agents that a specific piece of cargo in that vessel was suspected to contain illegal drugs within its packing crate.

Because the suspect piece was large, specifically identified, and easily differentiated from the remainder of the vessel's cargo, its location was known to ship's personnel. The suspect case was stowed in the square between deck of number 3 hatch. A gang was assigned to discharge that compartment as soon as the vessel was in position to work. The case was easily reached, was discharged, and was removed by a fork lift truck to an isolated location where the packing case was dismantled and the contraband drugs were discovered by government agents.

There was an absolute minimum disruption of commercial traffic during this operation. Once the case was targeted for our supervisor, the only extraordinary condition imposed was to transport the piece to an area where it could be searched and to assist government agents in removing the packing case.

There was no measurable impact on the flow of traffic at the terminal and, consequently, no harm to other normal cargoes in this instance.

However, on the occasion of the different drug search in which our company became involved, normal activity was severely disrupted. In that instance, our terminal manager was advised at a Friday, August 12th meeting, that Customs agents intended to open and inspect every container that was due to be discharged from the Atlantic Transport Line Vessel, Sea Merchant, which was due to work on the following Monday.

Customs agents explained that we would be required to land the entire complement of discharged containers to a single area where each unit would be grounded and spaced not closer than four feet from any adjoining box to allow walking space between containers. Normally, containers are stowed either two or three high in rows or blocks that are as concentrated as possible.

The walk space requirement was a result of the intended use of dogs to sniff for drugs in each container. Since the vessel was scheduled to discharge 435 units, we were required to clear a tremendous area to receive these containers.

Furthermore, crews had to be hired to clear the space at overtime rates since there was insufficient time prior to the scheduled arrival. All this rehandling of equipment was extra costs that related only to the drug search since routine terminal preparations had already been accomplished prior to the announcement of this special surveillance.

The vessel was late arriving in port and did not commence discharging until 0700 on Tuesday, August 16th. All the containers were landed and spaced out as requested. Special groupers and checkers were hired to assist the search teams when the actual inspection began on Wednesday, August 17th.

Some of these employees remained with the operation throughout the day and continued until 0100 hours on August 18th. Upon completion of the inspection, extra drivers and equipment had to be employed to return all the grounded boxes to normal stack storage positions.

Most of this activity took place during normal work hours on Wednesday, the 17th.

Additional expense resulted from shifting unrelated equipment into the break bulk terminal area to make space for the search of containers prior to the arrival of ~~the ve~~ssel and later restoring this neutral equipment to the container yard when space became available after the search of containers were consolidated.

This work was completed by 2000 hours on Wednesday evening and the terminal was able to operate normally on Thursday, August 18th. The cost of labor and equipment involved in the extra handling caused by this drug search was $25,700.

I would compare the disruptions to the normal business routine with what we might undergo if we had to prepare for an unusual weather condition, such as a hurricane. No doubt, other ancillary businesses, such as truck men and freight forwarders, were disrupted significantly during these several days when the focus of the terminal shifted from providing the smoothest possible flow of cargo to coping with the requirements to shuffle a good part of our inventory as often as two or three times.

We sincerely hoped that this search had the desired effect of inhibiting a shipment of illegal drugs. We know that it caused a significant disruption, delay, inconvenience and added cost to normal trade. A continuation of this type of interruption would cripple the flow pattern and overall usefulness of container terminals if it were to be repeated more often than extremely rarely.

Furthermore, the additional costs incurred would be devastating to any company compelled to meet them under current container transportation rate levels.

Thank you.

[The prepared statement of Mr. Boyle can be found at end of hearing:]

Mr. Foglietta. We will hold the questions until the end. There are some obvious questions involved in this, and again we are on a double-edged sword. All of us want to prevent narcotics from coming into the City of Philadelphia. We know that they are coming in in containers and in other methods of importation.

We realize the tremendous burden it is to you and to people who are looking to buy good equipment or good products and have cans come to them open, opened for a search of drugs and did not find any drugs.

You have to put your crews out there to separate these things in a fashion that cost you an awful lot of money.

On the other hand, we cannot ask the enforcement agencies not to do these things that they have to do to inspect. All we can suggest is that there has to be a very close working relationship between you and them to make sure that it is only done in those cases where there is strong reasons or there is reason to suspect. It cannot just be done on a whim on the one hand, and on the other hand, you have to understand and cooperate the best you can when it has to be done.

In other words, there has to be a working together to try and solve this problem, and that is why I am so interested in working together with my colleagues to make sure that we get that equipment which we can use, which would not necessitate some of those things, like the use of the x-ray machine.

Thank you very much. I am sorry for interrupting with that question, but I just had to.

Mr. Resta, would you just like to make a brief statement? Any statement that you have prepared will be entered into the record.

STATEMENT OF JOHN J. RESTA, PORT OF PHILADELPHIA CONTAINER INSPECTOR, PMTA-ILA CONTAINER FUND

Mr. **Resta**. Congressman Foglietta, International Longshoremen's Association appreciates the opportunity to appear before your committee.

In our statement, we have here some possibly ambiguous wording, but will explain it.

We do cooperate with the law enforcement and also the Drug Enforcement and the Customs and we do relax our contract rules and regulations when there is a suspicion of drugs. We permit full container loads to be removed from the water front facility that derives possible suspect and the cargo is removed at another premises, possibly sometimes secret premises, that no one is aware of.

We are naturally entitled to this work, but we do relax and we permit someone else to do the work. When the cargo is removed at a water front facility, naturally our people are employed to do this.

With the exception that I possibly can think is Mr. George from Columbus Line, did incur some expense because of the fact that containers were stripped and the way that they were stripped, I do not agree with, and this is what I would like to have you put with this committee.

For instance, there were three containers that were stripped, and they hired three teams or three gangs, where one gang could have done this possibly in two and a half to three hours. Why three gangs were hired, why three gangs were used simultaneously, I cannot answer those questions.

Whether Drug Enforcement or Customs required this, they are the ones that can answer better than we. But we do cooperate. We are willing to cooperate.

I would like to point out one thing that I think a lot of people are missing in the Port of Philadelphia. One gentleman alluded to one dog, and I know that there is one dog, and I think the people who work on the water front know there is one dog, and I think the people who are bringing drugs in know there is one dog, and I think that the fact that they have alluded to the fact that there are more people in the Port of New York and the Port of Miami and possibly the Port of Philadelphia is a little relaxed, and I do think we need more than one dog.

I know people have two pets home.

Mr. FOGLIETTA. What about the x-ray machine?

Mr. RESTA. The x-ray machine is vital, but we are talking about twenty-six miles of the Delaware River that is an intensive cargo-handling facility, and I do not think one dog can do it. I do not think one x-ray machine can do it, and I do remember as a younger man on the Philadelphia water front, we used to have what we called Customs Port Patrol. They are gone. They are a dinosaur. They do not have them any more, and I think they are a real vital issue in drug enforcement.

We have what we call storing the vessels, and this is done by people who normally do not work on the water front. Some vendors, people who sell food, meats, and whatever have you. They go up and down the gangways and they do this in the period of time when the ship is not working general cargo or containers. They do it at a time that is quiet time, when there is no supervision around. I think these are the things that should be looked at to help all the Drug Enforcement people and also to help Customs.

I thank you again.

[The prepared statement of Mr. Resta can be found at end of hearing:]

Mr. FOGLIETTA. Thank you, Mr. Resta.

Mr. Hall?

STATEMENT OF JOSEPH HALL, LOCAL 1291, ILA

Mr. HALL. Congressman Foglietta and members of the panel.

To begin with, I become very nervous when we talk about making the Port of Philadelphia the battle ground to raise the war, to launch the war against drugs. I think that we do need some very sophisticated machinery or equipment to enhance the progress on the search of such vessels as well as dogs and animals.

When we launch the war against drugs, it can also create an economic impact on the port in this region. As you know, the Governors from both states, Jersey and Pennsylvania, have been getting together to try to make the Port of Philadelphia more competitive, and we could possibly lose our competitive—well, I will not say edge. We do not have an edge really. We are really down at the bottom of the ladder, and what the International Longshoremen is doing now, we have been working wholeheartedly with management to try to put this port back on the map again.

So, we have to be very careful in what we do as far as trying to make the port region vital and put it back on the map, and when we take the port and make it the battle ground, as we all know in all wars, there is always some sort of battle scars that is left, and once these battle scars are incurred, a lot of times, it is hard to recover.

So, I just want to be brief and say that we have to be very careful. We employ men on both sides of the river and sometimes our men go down to Delaware and all to work.

So, it is really like a tri-state area, and we have to be very careful.

Thank you.

Mr. FOGLIETTA. Thank you very much, Mr. Hall.

Captain Sparks?

STATEMENT OF CAPTAIN JACK SPARKS, PRESIDENT, THE PILOTS' ASSOCIATION FOR THE BAY AND RIVER DELAWARE

Captain SPARKS. Congressman, you have my written statement, and I do not need to read that. It is a little bit lengthy and in the matter of time.

Mr. FOGLIETTA. It will be entered in the record, sir.

Captain SPARKS. I would just like to make a couple of remarks that sounds like we are on the right track here with what you have done. I think it is admirable. You have got the agencies and the labor and the management all here together. Looks like something had come up with a system to make sure that nobody gets hurt financially or any other ways, and also to be mindful to take care of the import of drugs into this country, which everybody, I think here today, is totally opposed to seeing any drugs coming into the country.

Maybe that is a good step if we are all here together and we are here to be congratulated for that, and also your idea of bringing in some more equipment and dogs and things of this nature to improve the system, I am sure, would be most appreciated, also.

Thank you.

[The prepared statement of Captain Sparks can be found at end of hearing:]

Mr. FOGLIETTA. Thank you, Captain, and this is exactly what we are trying to do. We want everybody to work in cooperation, realizing the seriousness of the problem that we have, and we want to be able to work with the law enforcement agencies on the federal and local and state levels, DEA, the Customs Bureau, the shippers, the port operators and the terminal operators, insurance companies, just everybody involved, and the unions especially who represent the workers. Mr. Boyle represents the companies and you to represent the pilots.

All work together to try to solve this problem without any one group bearing the onerous results of the work that we have to do. If everybody works together on this to try to solve this problem, I do not think any one of us will get hurt too much. What we will do is all work together and put our best efforts forth, and I think that we can start to make a dent in the illicit, illegal and life-threatening problem of drug interdiction.

Mr. SAXTON. I have no questions at this time. I would just like to thank the members of the panel for being here and we have profited a great deal from what you had to say.

Mr. FOGLIETTA. Congressman Coble.

Mr. COBLE. Mr. Chairman, no questions. I just want to thank these fellows for appearing before us today.

Mr. FOGLIETTA. Gentlemen, again, I thank you. I thank all of you for being here. I think this has been very informative for this panel today, and I think it will be a very fruitful meeting, because I believe that we have a better insight into the problem and the problems that face you people in trying to work with the agencies and the enforcement agencies, to realize the problems of the agencies in needing more equipment, needing more manpower.

So, we are going to, we hope, as I said before, all work together to attempt to solve this problem.

Thank you again for being here today.

The committee stands adjourned.

[Whereupon, at 12:45 p.m., the committee was adjourned.]

[The following was submitted for the record:]

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MEMORANDUM

TO: MEMBERS, COMMITTEE ON MERCHANT MARINE AND FISHERIES

FROM: THOMAS M. FOGLIETTA, CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

DATE: DECEMBER 5, 1988

RE: FIELD HEARING IN PHILADELPHIA, PENNSYLVANIA ON THE SEIZURES OF ILLEGAL DRUG SHIPMENTS COMING INTO DELAWARE RIVER PORTS, INCLUDING THE PORT OF PHILADELPHIA

On Thursday, December 8, 1988, the Subcommittee on Oversight and Investigations will conduct a field hearing on the seizures of illegal drug shipments coming into Delaware River ports, including the Port of Philadelphia. The hearing will begin at 10:00 a.m. at the Port of History Museum (Fourth Floor), Penn's Landing, Delaware Avenue and Walnut Street, Philadelphia, Pennsylvania. All committee members are invited to attend.

The hearing will focus on the specifics of two recent drug interdictions which seized over 3,527 pounds of cocaine. Testimony will also address associated issues including the problems of inspecting and searching containerized cargoes and the potential for damage to legal cargoes during drug interdiction efforts.

Testimony will be received from the United States Customs Service; the United States Coast Guard; the United States Drug Enforcement Administration; the Honorable W. Wilson Goode, mayor of the City of Philadelphia; the Philadelphia Maritime Exchange; merchant vessel operators; maritime insurance representatives and other members of the Delaware River port community.

BACKGROUND

General:

Last spring and summer, the Port of Philadelphia was the site of two very large cocaine seizures. In May, 1,052 pounds of cocaine with an import/wholesale value of $10.5 million were discovered packed in the oil well of an antiquated, nine-foot high, ten ton ship's reduction gear being imported into the United

States from Colombia aboard the Colombian merchant vessel ARTURO GOMEZ. (A reduction gear is part of a transmission.)

On September 7, 2,475 pounds of cocaine (import value of approximately $25 million) were discovered hidden in cases of canned anchovies on a Philadelphia-company-operated, Antigua-flagged merchant vessel, the COLUMBUS OLIVOS. Prior to these seizures, the largest drug bust in the Philadelphia area had been 80 pounds.

The ARTURO GOMEZ Case:

Manifests available to Customs prior to the ARTURO GOMEZ's arrival in Philadelphia showed the reduction gear had been shipped from Houston to Colombia just months earlier. Moreover, it was coming back from Colombia aboard a shipping line known to be used by cocaine traffickers, and going to an unknown, first-time importer. Following a physical inspection the day the ARTURO GOMEZ docked, Customs gave the go ahead for engineers to break the gear's seal and pull off its top half. Through a lead lining, inspectors found the cocaine submerged in diesel oil.

Subsequently, Customs and Drug Enforcement investigators closed up the gear, released it, and tracked it. Eleven kilograms (approximately 24 pounds) of cocaine were left inside the gear to ensure that whoever opened it would receive, once convicted, a minimum sentence in federal prison of ten years. Also, an electronic monitor was placed inside to signal when the gear was opened again.

The surveillance required a 60-person task force. The operation lasted 29 days, and the smugglers transported the ten ton gear from its arrival terminal in Camden to an abandoned warehouse (listed on shipping documents as its "final" destination) also in Camden, then to Elizabeth, New Jersey, and finally to Brooklyn before opening it for the drugs. The investigation showed that the smugglers, employing circular business arrangements that included dummy corporations on the East and West Coasts and in Colombia, purchased the gear originally, resold it to themselves, exported it to themselves in Colombia, and imported it back to themselves through Philadelphia. Moreover, confiscated documents show that the arrested parties were making similar machines available to Colombian clients for the express purpose of smuggling--advertising them as "impenetrable to all types of search (dog, laser, X-ray, etc.) . . . ." Estimates are that in the preceding 18 months, 12 machines had been used for smuggling, three of which had come through Philadelphia. Also, a cocaine-filled gear identical to the one aboard the ARTURO GOMEZ is known to have come into the United States at Jacksonville and then shipped to Camden, where it was abandoned in March 1988 after the cocaine was removed.

The "Anchovy" Bust:

As in the ARTURO GOMEZ case, Customs inspectors became suspicious when they noticed the 1,000-carton anchovy shipment going to a first-time importer. Further review revealed that the recipient of the shipment was fictitious. It took eight days to discover the cocaine--the first cartons of anchovies opened and inspected were clean. Eventually, inspectors realized there was a slight difference in weight among some of the anchovy cartons and that these cartons were marked with a pinpoint-size hole: The cans in these cartons contained cocaine. Of the 1,000-carton shipment, 137 cartons were cocaine-filled. Also, as in the ARTURO GOMEZ case, agents were able to follow the shipment to New York and arrest the consignee when he picked up the cocaine.

ISSUES

Adequacy of Drug Interdiction Program at the Nation's Ports:

From documents confiscated during the ARTURO GOMEZ bust, investigators know these particular traffickers most likely made available to the illegal drug trade twelve machines similar to the reduction gear--"impenetrable to all types of search" and capable of holding 8,000 to 10,000 pounds of cocaine--in the 18 months preceding their arrest. Three of the machines were shipped through the Port of Philadelphia and one, known to have contained cocaine, was shipped into the Port of Jacksonville and then transported to a Camden, New Jersey, warehouse where the cocaine was removed.

In testimony before the Coast Guard Subcommittee last June 15, Admiral Paul Yost, commandant of the Coast Guard, noted that cocaine had become the drug of choice to the shipper who was now using "air transport extensively." Do the two Philadelphia seizures and the documents confiscated in the ARTURO GOMEZ bust suggest a change of traffic patterns away from air transportation? Have Delaware River ports, with their close proximity to New York City, become favorite points of entry for illegal drug traffic?

In his June 15 testimony, Admiral Yost also pointed out the drain on budget resources of the federal government's stepped up drug interdiction program, noting in particular the need for "expensive and complex sensor systems and platforms . . . to deal with drug traffickers' increasing use of aircraft." Are the budget squeeze and the recent emphasis on stopping the transportation of illegal drug traffic by air in the Caribbean and the U.S. Southwest impeding drug interdiction efforts at the nation's ports?

Status of Intergovernmental and Federal Interagency Cooperation:

The federal government's drug interdiction effort is an interagency, cooperative undertaking coordinated by the Interdiction Committee of the Drug Policy Board. (The Commissioner of Customs chairs the Committee and the Commandant of the Coast Guard serves as the permanent deputy.) Moving illegal drugs several times before claiming them is a common tactic of drug smugglers, making close interagency and intergovernmental cooperation a necessity. In both the ARTURO GOMEZ and "anchovy" cases, the cocaine was transported through at least three DEA jurisdictions. DEA also depends on manpower support from local and state law enforcement agencies; the City of Philadelphia makes 20 police personnel available full time to DEA's Philadelphia office.

Of special interest to the Merchant Marine Committee is the Coast Guard's role in these two seizures. Between the two cases, the Coast guard provided a combination of manpower, intelligence, and surveillance, including at-sea surveillance (to ensure suspect cargoes were not transferred before arriving in port).

Impact of Drug Interdictions on Port Operations and Business:

The "anchovy" bust presents a good illustration of the potential problems for a port of a drug interdiction program. It took Customs investigators eight days to discover the cocaine after the COLUMBUS OLIVOS docked. Moreover, the first anchovy cartons opened were clean. In the end, cocaine was in only 137 cartons of a 1,000-carton shipment. On what grounds and for how long will Customs hold a shipment? How much of a suspect shipment should be opened? How is the federal government handling liability for delay and damage to legal shipments, and is it a satisfactory arrangement for all involved?

Also, what information is available at ports that would assist Customs in screening incoming cargoes, and what would the burden be on port operators to make relevant data more readily available? In both of the Philadelphia seizures, Customs investigators first became suspicious from information available to them in the manifests prior to the actual arrival of the cargoes. Still, information obtained in the ARTURO GOMEZ investigations suggests that previous shipments of the same kind of machinery, modified to carry cocaine, came through Philadelphia undetected. Currently, the Philadelphia Maritime Exchange is upgrading its data management system; the upgrade will enhance Customs' effort to identify suspect cargoes coming into Philadelphia.

STATEMENT

BY

DAVID WARREN

Mr. Chairman, Members of the Committee, I am pleased to appear before you this morning to discuss the issue of the recent drug seizures made at the Port of Philadelphia.

In May, 1988, Customs Inspectors targetted a cargo shipment aboard the Columbian Vessel "Arturo Gomez", as a high risk shipment. High risk because the cargo was machinery, american goods returned and not the normal cocoa butter or tiles, etc. The consignee, Petrochen, was not one of Philadelphia's regular importers. All expenses paid by the importer were in money orders as opposed to business checks.

The shipment was then segregated and placed in pier area with little traffic. Outside contractors were hired to help Customs dismantle the machine so it could be put back together in the event a "hit" was made. After 8½ hours, the cocaine was discovered in the base of the machine. Four hundred and eight (408) bundles weighing approximately 1,200 pounds was discovered. A small amount of cocaine was replaced and then the various Federal and State agencies worked together to make a controlled delivery to warehouses in Camden, New Jersey, Elizabeth, New Jersey and ultimately to Brooklyn, New York. After thirty (30) days of continuous around the clock surveillance, three (3) individuals were arrested. Subsequently, other individuals were arrested in California and New York. On July 14, 1988, all six (6) individuals were indicted.

The Customs Service greatly appreciates the outstanding cooperation provided by DEA, U.S. Coast Guard, New Jersey State Police and Philadelphia Police Department and the Federal and State Agencies in Newark and New York.

On August 30, 1988, the German Flag Vessel "COLUMBUS OLIVOS" discharged at Holt Marine Terminal a container holding 1,000 cartons of anchovies that were shipped from an obscure packing company in Argentina. At that time, no one realized that buried deep within this cargo was almost 2,475 pounds of pure cocaine.

The events that took place during the next two (2) weeks, starting with the discovery and seizure of the cocaine, to the arrest of four (4) individuals, including one (1) in New York City and three (3) more in Argentina, the execution of five (5) search warrants in New York City and Los Angeles and the seizure of four (4) luxury automobiles are a testimony to teamwork and interagency cooperation.

On September 6, 1988, a Customs Inspector assigned to the Data Analysis Unit in Philadelphia was conducting his daily review of importation documents when he came upon a shipment of anchovies from the Mar Del Mar Company in Argentina. An analysis of this particular shipment through the Customs ACS Computer pinpointed this shipment as "high risk" cargo.

Specifically, the ACS Computer indicated that this was the first shipment of this commodity to Philadelphia; that this was the first time Mar Del Mar shipped cargo to Philadelphia and that this was the first importation into Philadelphia by the importer, Robert ALCAINO of Andes Trading Company of New York City. In addition, a lookout had been earlier placed by another Customs office for possible cocaine secreted in shpments of machinery, textiles and food produce from South American countries, including Argentina. Our New York office was contacted and investigation revealed that the address for Andes Trading Company in New York was simply a mail drop. With all of this intelligence accumulated, the container of anchovies was removed to the Customhouse for an intensive inspection.

On September 7, 1988, the inspection began, being conducted by Customs Inspectors, Customs Special Agents and DEA Special Agents. After two-thirds (2/3) of the container had been off-loaded, no cocaine had been found either by drilling the cans of anchovies or by passing them through an x-ray machine (a machine that was loaned to us by the U.S. Secret Service in New York).

The problem that confronted the investigators was that if cocaine was discovered, a controlled delivery would be made. However, a controlled delivery would be out of the question if all the cans of anchovies were drilled. So another detection method was needed and what initially lead to the discovery of the first carton containing the cocaine was a difference in weight. What also was discovered on this carton label was that the trademark symbol "R" had been marked. A total of 137 cartons were found to have the trademark symbol marked. In each of those cartons, we found two

(2) sealed, round metal cans, each can containing eight (8) separate packages of pure cocaine wrapped in a thin layer of aluminum foil and weighing approximately 1.18 pounds each. In addition, sand and lead were found along with the cocaine to simulate the correct weight.

All of the cocaine except approximately eight (8) kilograms was removed from the container and it was repacked for delivery to New York.

On September 14, 1988, while under close surveillance by Philadelphia and New York Customs and DEA Agents, the container was taken to the New York mini-storage area rented by Robert ALCAINO. ALCAINO supervised the off-loading of the container (the off-loaders were Customs and DEA Agents) and he was subsequently arrested the next day by Customs and DEA Agents at LaGuardia Airport prior to boarding a flight to Los Angeles.

Once ALCAINO was arrested, all of this information was passed to the Argentine Federal Police. Accompanied by Customs and DEA Agents, the Argentine Federal Police arrested three (3) individuals including ALCAINO'S partner, Carlos DIAZ and seized the Mar Del Mar packing company.

It is believed that ALCAINO is a major international cocaine trafficker with ties to the Medellin cartel. This investigation will continue for some time and attempts will be made to extradite those arrested in Argentina.

Customs now has the tools and the manpower resources (to some extent) to detect and interdict drug shipments, but we can not do it alone. Any intelligence can lead to a "hit". Simply picking up on DEA or FBI information with the name of a commodity, i.e. machinery, anchovies, can be used by Customs to set up alerts.

Conversely, after a shipment may have gotten through, Customs can track back the shipment, its origin, signatures on Customs documents and other culpable evidence to assist DEA or the FBI in a domestic investigation. I hope in the future that cooperation will result in more successful seizures and interdictions.

The U.S. Customs Service needs the interagency, and state and local cooperation, both in sharing intelligence and resources. Without this cooperation, the difficulties in inspecting merchant vessels and their cargo would be insurmountable. We currently only inspect a small percentage of the containers entering the United States. Therefore, Customs must be selective in targeting. Sharing of information and computerized selectivity provide the solutions. We are currently using Coast Guard, National Guard, Civil Air Patrol, Explorer Scouts and state and local joint initiatives along with federal resources to attempt to adequately address the interdiction function and problems.

(Attachment to statement of David Warren.)

In May 1988 Philadelphia Customs Inspectors targeted a cargo shipment on a routine arrival of a Colombian vessel as a suspicious or "high risk" shipment. Such targeting may be based upon prior information, profiles, research, or a combination of these factors. These factors are utilized constantly by the Customs Inspectors in the hopes that a major seizure could be imminent based upon what is euphemistically called a "cold hit". What should be cited is that without prior information of any kind they were able to ascertain that this specific shipment should be targeted for an intensive examination.

The Grancolombiana Lines M/V Arturo Gomez was one of the four or five Grancolombiana vessels that makes regular calls at the Port of Philadelphia. Because of the initiative dictated by the Commissioner of Customs these vessels, their crew, and especially their cargo are always carefully scrutinized. The Customs Inspectors are well aware what is on a typical manifest presented at the Port of Philadelphia and were surprised to see a heavy piece of machinery being sent to the U.S. This is completely contrary to the typical shipments of cocoa butter, chocolate, or tiles that are usually shipped to Philadelphia.

The consignee of this particular shipment, Petrochem Services, was not recognized by the Customs Inspectors as a regular importer and checks were performed to obtain some further information. Initial check through the Treasury Enforcement Communications System (TECS) and the ACS System revealed no evidence of prior violations, an address in West Covina, California, and one previous importation through Newark in March 1988.

Contact with the Customhouse Broker revealed that the importer David Morales, dba Petrochem Services, had made inquiries regarding Customs procedures and examination sites in the Philadelphia area. It was also determined that all payments to the Broker were in the form of Money orders rather that the normal company check. The Broker had no way of contacting David Morales on the telephone who stated that he would be in contact at a later time. At this point in time the Broker was requested to submit for Customs review all pertinent documentation regarding this shipment.

The entry package that was later submitted contained the following:

#1 - A pro-forma invoice declaring a metal working machine valued at $25,000., entered as U.S. goods returned.

#2 - Two addresses for Petrochem Services listed on the entry documentation in West Covina, California, and Camden, N.J.

#3 - A Shippers Export Declaration and a Bill of Lading which revealed that this machine had been exported from Houston in October 1987 at a cost of $4800. in shipping charges.

Because of these apparent inconsistencies contact was made with Los Angeles Sector Communications which ran criss-cross checks on the West Covina addresses. The checks made by the Los Angeles personnel showed no record of Petrochem Services or David Morales at these addresses.

Customs Inspectors decided to take further initiative and take a look at the address of the consignee's premises which was listed as the SB Warehouse located at the Broadway Terminal of the South Jersey Port Corporation in Camden, N.J. It was readily apparent to the Inspectors that the SB Warehouse was a vacant warehouse and a security guard also stated that the Petrochem personnel had visited the warehouse perhaps four times within the past two months. A phone call to the South Jersey Port Corporation also revealed that the building had recently been leased to David Morales on February 15, 1988, and that the method of payment in this case was also in the form of money orders.

When the M/V Arturo Gomez arrived in the Port of Philadelphia at the Packer Avenue Marine Terminal on May 19,1988, the Customs Inspectors boarded the vessel soon after its arrival. It was determined that the 20,000 pound shipment was uncrated and arrangements were made for its immediate unlading, for placement in a remote location so that an intensive examination could be conducted away from the normal flow of traffic in the pier area.

Initial examination revealed what appeared to be a reduction gear, not of U.S. origin, but manufactured in Holland. The initial examination discovered that the machine appeared to be approximately 3/4 filled with oil and not easily accessible for an internal examination. It was immediately evident that the professional services of an outside firm were necessary for any further examination and they were immediately contacted to begin disassembling the machine on the following day, Friday, May 20, 1988.

Because of the bad weather the M/V Arturo Gomez was unable to discharge all its cargo and depart Philadelphia on May 19. 1988. Unlading of the vessel continued on May 20, 1988, while Customs was conducting the examination of the Petrochem Services machinery. This delay because of the weather enabled Customs to complete the examination without generating numerous questions regarding delays with the release of an importer's cargo.

On that fateful Friday morning the firm that had been contracted immediately emptied 200 gallons of oil from the machine and discovered an obstruction that prevented access to no more than eight inches at the bottom of the machine. The cover plate was removed from the top of the machine which revealed gears in the middle section. It was not until after 8 1/2 hours of work and anxiety that the middle section of the machine was separated to reveal an inner lining of sheet metal or lead.

A drill bit was inserted into the inner lining and removed with white powder readily evident on the drill bit. A field test of the powder on the drill bit proved positive for cocaine and further disassembly continued on the machine.

The inventory continued late into the evening hours and the Office of Enforcement Special Agents who were on the scene that day took custody of the 408 packages and transported them to the Customhouse. Later in the evening it was determined that the bundles weighed in excess of 1,200 pounds while they were still covered in diesel oil. After the bundles were cleaned it was determined that the cocaine shipment was approximately 1053 pounds and was at that time one of the largest seizures in the Northeast outside of New York. The bundles were of a size and shape of a one kilogram package of cocaine and some were a little larger. Each bundle was wrapped in brown tape with writing on the outside of most of the packages. Intelligence sources have been unable to determine if the writing on the bundles indicated the manufacturer or the consignee.

Documentation on the prior shipment was obtained by the local Office of Enforcement through the New York Enforcement Office on May 23, 1988, and it was determined that this machine arrived in Jacksonville, Florida, on March 2, 1988, and was sent In-Bond to the Port of Newark where the actual entry was made. This entry was for one of the two machines, previously exported by George Agudelo through Houston to Santa Marta, Colombia. It was immediately noted that the lease agreement and shipping documentation was the same for both of these entries submitted in Philadelphia and Newark.

An agent of the Drug Enforcement Administration had responded to assist on May 20, 1988, at the Packer Avenue Marine Terminal, and a joint meeting was conducted on May 23, 1988, with DEA, Customs, and the U.S. Attorney's Office.

At that time it was decided to return some of the cocaine to the machine to ensure that when the controlled delivery was made the mandatory sentence of ten years could be imposed on those convicted of the drug related offenses.

On the same date a Court Order was obtained through the Eastern Judicial District of Pennsylvania to install electronic tracking devices in the machine to assist the investigators in tracking the machine.

Prior investigations of this type had determined that a significant amount of manpower would be utilized and a task force was set up composed of Customs Agents, Customs Inspectors, DEA Agents, Philadelphia Police Officers assigned to the DEA Task Force, New Jersey State Police Officers, and a Coast Guard Law Enforcement Officer.

The U.S. Coast Guard in Gloucester, N.J., was contacted and requested to furnish assistance in the event that personnel might have to come into the Broadway Terminal from the Delaware River side of the terminal. At this time the commanding officer readily agreed to provide any and all assistance required after being advised that the agents were monitoring a cocaine shipment. The Coast Guard asked no further questions about the specifics of this operation and did not even ask what amount of cocaine was being delivered. Facilities were made available on a 24-hour basis and a command center was set up on the base to act as a central gathering point for the surveillance agents.

The South Jersey Port Corporation was also contacted and advised that Customs was conducting an investigation and wished unlimited access to the Broadway Terminal. Again without asking further questions the official from the Port Corporation furnished old gate logs, business correspondence, and other documentation on Petrochem Services which proved invaluable to the investigation.

A review of these old gate logs enabled the agents to identify vehicles which had previously been utilized by individuals visiting the SB Warehouse. Tener Riggs Eckelbery Jr. was also identified as the local individual who was the official representative of Petrochem Services in New Jersey.

On May 25, 1988, a Joseph Morales contacted the Customs Broker to arrange for the delivery of the Packer Avenue Terminal shipment to the Petrochem Warehouse located in Building SB, Broadway Terminal, Camden, N.J.
On the same date, eleven (11) bundles of cocaine weighing approximately

27.81 pounds were removed from the Customhouse seizure room. At this time, a thin "trip wire" was installed and it would be activated when the packages were pull apart or removed. The machine also had an electronic beeper installed inside along with an infra-red tracking device placed on the top cover plate.

Due to the prior operational planning that had been conducted the task force was immediately activated and a 24-hour surveillance was placed on the machine.

On the next day, a George Agudelo called the South Jersey Port Corporation to notify of the delivery of another shipment of machinery to the same location. This machine was to be sent down from Edison, N.J., and Tener Riggs Eckelbery had made the arrangements for the delivery of this shipment.

When the Packer Avenue Terminal shipment was delivered on May 26, 1988, the delivery was monitored from the initial departure from Philadelphia to its arrival in Camden, N.J. Two fixed surveillance posts had been previously set up at the Broadway Terminal that were equipped with 35mm cameras and videotaping equipment and were able to document all activity at the SB Warehouse during the entire operation.

No further activity occurred until after the long unbearably hot Memorial Day Weekend.

On May 31, 1988, one of the vehicles that were previously documented through the old gate logs showed up at the SB Warehouse. This vehicle was a late model Ford Pick-up Truck registered to the Gara Company. The driver, later identified as Dario Lopez, asked Port Officials about the availability of a forklift.

Surveillance units that were in place at the Coast Guard Base surveilled Lopez to a local motel where he met with another Hispanic Male and was observed making a phone call from a phone booth and what was highly significant received an incoming phone call, as well.

On June 1, 1988, Lopez and this other Hispanic Male returned to the SB Warehouse where they were observed moving the Packer Avenue Shipment and placing it underneath a beam where a chain lift hoist was located. Both of these subjects later left the scene, checked out of their motel, and proceeded to New York City. All of their activities were being monitored by surveillance units who followed them to New York. The pick-up truck was placed in a parking lot on the West side of town and the two individuals were followed through midtown New York on foot for 3 1/2 hours when they were lost to sight in a blinding rainstorm.

At that time the agents were afraid that the surveillance units had somehow been spotted and that all their efforts had somehow been compromised. It was decided to continue on the surveillance in Camden, N.J., along with the surveillance of the pick up truck, and hope for the best.

On June 3, 1988, David Morales called the Customs Broker and requested that the Packer Avenue shipment be moved to another warehouse in the Northern New

Jersey area.

To the task force which was still in place at the SB Warehouse this was a good sign that the intricate smuggling network that would move the machine several times before opening it.

On June 7, 1988, George Agudelo showed up at the SB Warehouse and also talked to officials of the South Jersey Port Corporation. When he found out that the shipment could not be moved that day he departed the area and was followed by surveillance units to an apartment building at 200 Rector Place in Lower Manhattan.

On the next day, June 8, 1988, Ralph Agudelo again showed up at the SB Warehouse to supervise the loading of the Packer Avenue machine to a warehouse located at 550 Division Street in Elizabeth, N.J. While Ralph Agudelo was at the warehouse he was observed and photographed wiping his fingerprints from the warehouse door and other surfaces in the warehouse area.

At this time the machine changed geographical boundaries of local Customs and DEA and a task force had to be instantly created in the Newark area. Agents were immediately freed from their existing duties and made available by their respective agencies for this surveillance which no one knew would end.

Because of the immensity of this operation Customs agents and New Jersey State Police Officers who were familiar with the case travelled with the surveillance and aided their fellow law enforcement officers. Additional help was also furnished by the Union County Prosecutor's Office and the local FBI.

Again no activity occurred for several days and the agents again thought their best of plans had somehow been compromised. It was still decided to continue with the 24-hour surveillance of the machine.

On June 17, 1988, Joseph Morales called the Customs Broker and mentioned that he intended to move the machine to another warehouse.

On June 20, 1988, George Agudelo called the warehouse in Elizabeth, N.J., and stated that the machine would be moved that day to a warehouse in Brooklyn, N.Y. When the machine was moved that day it was followed by the Newark surveillance units to its new destination at 310 Richardson Street, Brooklyn, New York.

At this time the machine was placed inside a warehouse were the agents could not actually view the machine and a roof top surveillance was established on the entrance to the new location.

Again new agents had to be instantly freed from their existing duties to relieve their co-workers who would return to the duty stations in New Jersey. At this time more agents also were sent by the Philadelphia Customs and DEA Offices to assist on the surveillance.

On the date that the machine was delivered in Brooklyn, Ralph Agudelo showed up,along with four other Hispanic Males engaged in a pattern of counter-surveillance by driving through the area for several hours possibly looking for any type of surveillance in the area.

The next day, June 21, 1988, again was a period of no activity but the surveillance agents persisted in the efforts.

On the following day, June 22, 1988, Ralph Agudelo and several Hispanic Males were observed at the warehouse. Later in the day after Agudelo had left the scene the other individuals backed their cars into the warehouse but the previously installed beepers were not activated. A quick conference was held by the Customs and DEA Supervisors, along with each respective agency Case Agent and it was decided not to enter into the warehouse and arrest the occupants.

Through the efforts of the U.S. Attorney's Office in Philadelphia an arrest warrant had been obtained that day in Philadelphia for Ralph Agudelo and also for the warehouse at 310 Richardson Street, Brooklyn.

On June 23, 1988, three Hispanic Males returned to the warehouse and the beeper was activated at this time. The building was immediately stormed by the surveillance units and the three occupants were arrested in the process of separating the upper and lower halves of the machine. The cover plate that controlled access to the eleven (11) bundles was located on the floor of the warehouse and the beeper was immediately visible. These individuals who were taken into custody were identified as the following:

#1 - Carlos Hernandez, Colombian Citizen, residing in Miami. Florida.

#2 - Raymond Velanida, Colombian Citizen, residing in New York.

#3 - Hedmar Gomez-Lores, Colombian Citizen, and an illegal alien, residing in New York.

The eleven (11) bundles of cocaine that were placed inside the machine on May 25, 1988, were not inside the warehouse at the time of the arrest. The beeper that was activated was the one that had been placed inside the machine. Agents surmised that the cocaine had been removed the previous day and that somehow the "trip wire" was not broken or that the batteries life had ran out of power after being constantly used for a month. The individuals involved obviously thought that the rest of the cocaine shipment was inside the machine.

All of the efforts of the agents was now centered towards preventing the cocaine reaching the streets of America and a Search Warrant was obtained for 200 Rector Place, New York, the office of the Gara Corporation. A Search Warrant was executed in the afternoon hours but the cocaine was not recovered. What was discovered was a computerized answering device, sophisticated computer equipment, and the current travel itinerary for Tener Riggs Eckelberry.

On the next day, June 24, 1988, another meeting was held with the U.S. Attorney's Office in Philadelphia which had handled the gargantuan task of coordinating the legal efforts, which included various types of electronic surveillance, through Philadelphia, Camden, Newark, and Brooklyn. Decisions were made that day to obtain an arrest warrant for Tener Riggs Eckelberry and also to send agents from the Philadelphia Customs and DEA office to Los Angeles to immediately follow up on investigative leads and possibly to arrest Ralph Agudelo.

While the Philadelphia agents were looking for Ralph Agudelo in California the next day, June 25, 1988, the first success came in upstate New York when Tener Riggs Eckelberry was arrested.

Later that night George Agudelo was arrested by the Philadelphia agents at his home in Redondo Beach, California.

One the next day, June 26, 1988, Ralph Agudelo was arrested by the same overworked Philadelphia agents who had not had a chance to sleep in 1 1/2 days.

These agents obtained consent searches for the Agudelo residences and also for the Gara Company offices in Huntington Beach, California. A total of eight cartons of documents were obtained and one of the most celebrated documents ever found during an investigation was unearthed by these steadfast investigators. This document described the entire operation in one handwritten eleven page document. This document has been previously introduced in court proceedings and excerpts are outlined below:

> We are pleased you have afforded us with this opportunity to introduce our company and services to you.... We are an organization of 20 highly skilled, trained professionals.... Through our diversified

services, your company can enjoy buying and selling used machinery in the United States and all over the world without ever having to leave the busy environment you already find yourselves in.... You must understand that these machines aren't simply bolted-off, stuffed-in, bolted-back-on-again affairs. These machines, after our modifications, will be totally undetectable even to the trained eye.... We guarantee (the) machine(s) to be impenetrable to all types of search (dog, laser, X-ray, etc.)....

$5,250,000 Our Fee

$50,000 machine transaction (includes insurance, duty and taxes)

$5,300,000 total

We believe 8-10,000 pounds will be available. Let's be conservative and estimate 6,000 pounds. At current market rate that's a profit potential of 90 million dollars.

Backing our initial cost (one-time charge) out, that leaves $84.7 million of your profit.... Firstly we believe no one can offer you the level of technology and safety that we can.... But mainly we believe no one can match, much less beat, our price.... We would (have) all funds electronically transferred to our Swiss bank account, whose account number Mr. Agudelo will provide you with. Should you have any questions or comments, please contact me at your convenience.

Respectfully submitted,
Rafael Agudelo
Vice President marketing

This damning document which sounds like a Sales Prospectus from a business firm is one of the most significant items recovered by the Philadelphia agents on their California trip. Other significant items have also been recovered but can not be elaborated on at this point in the investigation.

Officials from the Grancolombian Lines provided shipping documentation which had been submitted by the shipper, Tecnic Services International Ltda., which listed the Gara Company on the letterhead as an affiliate of Tecnic Services International. This document also gave the same address which was the address of the Gara Company in New York.

On July 14, 1988, a Federal Grand Jury in the Eastern District of Pennsylvania returned a three (3) count indictment charging six persons with participating in a conspiracy to import and distribute cocaine from Colombia into the United States. The six persons indicted were the following:

George Eduardo Agudelo
Dario Lopez Cotto
Carlos Hernandez
Rafael Humberto Agudelo
Raymond Velanida
Hedmar Gomez-Lores

The charges are as follows:

21 U.S.C. 846 - Conspiracy to distribute cocaine and to possess cocaine with intent to distribute
21 U.S.C. 963 - Conspiracy to import cocaine
21 U.S.C. 952 - Importation of cocaine
18 U.S.C. 2 - Aiding and Abetting

The charges against Tener Riggs Eckelberry were dismissed during this time period.

The investigation did establish that George Agudelo and Ralph Agudelo were the principle officers of the GARA Companies and through intricate maneuvers set up several companies to camouflage themselves in their import and export business.

A Grand Jury investigation has been initiated and is continuing in the Eastern Judicial District of Pennsylvania.

All of the indicted subjects. except for Dario Lopez Cotto who is currently a fugitive, have entered not guilty pleas and are being held without bail in the Philadelphia area. The defendants are all facing maximum sentences of life imprisonment without parole. A trial date has not been set at this time.

On August 30, 1988, the German Flag Vessel "COLUMBUS OLIVOS" discharged at Holt Marine Terminal a container holding 1,000 cartons of anchovies that were shipped from an obscure packing company in Argentina. At that time, no one realized that buried deep within this cargo was almost 2,475 pounds of pure cocaine.

The events that took place during the next two (2) weeks, starting with the discovery and seizure of the cocaine, to the arrest of four (4) individuals, including one (1) in New York City and three (3) more in Argentina, the execution of five (5) search warrants in New York City and Los Angeles and the seizure of four (4) luxury automobiles are a testimony to teamwork and interagency cooperation.

On September 6, 1988, a Customs Inspector assigned to the Data Analysis Unit in Philadelphia was conducting his daily review of importation documents when he came upon a shipment of anchovies from the Mar Del Mar Company in Argentina. An analysis of this particular shipment through the Customs ACS Computer pinpointed this shipment as "high risk" cargo.

Specifically, the ACS Computer indicated that this was the first shipment of this commodity to Philadelphia; that this was the first time Mar Del Mar shipped cargo to Philadelphia and that this was the first importation into Philadelphia by the importer, Robert ALCAINO of Andes Trading Company of New York City. In addition, a lookout had been earlier placed by another Customs office for possible cocaine secreted in shipments of machinery, textiles and food produce from South American countries, including Argentina. Our New York office was contacted and investigation revealed that the address for Andes Trading Company in New York was simply a mail drop. With all of this intelligence accumulated, the container of anchovies was removed to the Customhouse for an intensive inspection.

On September 7, 1988, the inspection began, being conducted by Customs Inspectors, Customs Special Agents and DEA Special Agents. After two-thirds (2/3) of the container had been off-loaded, no cocaine had been found either by drilling the cans of anchovies or by passing them through an x-ray machine (a machine that was loaned to us by the U.S. Secret Service in New York).

The problem that confronted the investigators was that if cocaine was discovered, a controlled delivery would be made. However, a controlled delivery would be out of the question if all the cans of anchovies were drilled. So another detection method was needed and what initially lead to the discovery of the first carton containing cocaine was a difference in weight. What also was discovered on this carton label was that the trademark symbol "R" had been marked. A total of 137 cartons were found to have the trademark symbol marked. In each of those cartons, we found two (2) sealed, round metal cans, each can containing eight (8) separate packages of pure cocaine wrapped in a thin layer of aluminum foil and weighing approximately 1.18 pounds each. In addition, sand and lead were found along with the cocaine to simulate the correct weight.

All of the cocaine except approximately eight (8) kilograms was removed from the container and it was repacked for delivery to New York.

On September 14, 1988, while under close surveillance by Philadelphia and New York Customs and DEA Agents, the container was taken to the New York mini-storage area rented by Robert ALCAINO. ALCAINO supervised the off-loading of the container (the off-loaders were Customs and DEA Agents) and he was subsequently arrested the next day by Customs and DEA Agents at LaGuardia Airport prior to boarding a flight to Los Angeles.

Once ALCAINO was arrested, all of this information was passed to the Argentine Federal Police. Accompanied by Customs and DEA Agents, the Argentine Federal Police arrested three (3) individuals including ALCAINO'S partner, Carlos DIAZ and seized the Mar Del Mar parking company.

It is believed that ALCAINO is a major international cocaine trafficker with ties to the Medellin cartel. This investigation will continue for some time and attempts will be made to extradite those arrested in Argentina.

The most important lesson to learn from this investigation is that when we cooperate together and share information, we will seriously impede the flow of narcotics into the U.S. The Customs Service has in the past and will continue in the future to spearhead the Federal Government's efforts in the area of narcotics interdiction. But we cannot do it alone! We need intelligence from the Coast Guard; we need intelligence from the Immigration Service; we need intelligence from DEA and the FBI. With your intelligence information pointing the way, hopefully many more thousand kilo loads of cocaine can be intercepted before this poison is unleashed on the streets of our country.

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The U.S. Customs Service needs the interagency, and state and local cooperation, both in sharing intelligence and resources. Without this cooperation, the difficulties in inspecting merchant vessels and their cargo would be insurmountable. We currently only inspect a small percentage of the containers entering the United States. Therefore, Customs must be selective in targeting. Sharing of information and computerized selectivity provide the solutions. We are currently using Coast Guard, National Guard, Civil Air Patrol, Explorer Scouts and state and local joint initiatives along with federal resources to attempt to adequately address the interdiction function and problems.

Statement

of

SAM BILLBROUGH
Special Agent In Charge
Philadelphia Field Division
Drug Enforcement Administration

before

the

Subcommittee on Oversight and Investigations
Committee on Merchant Marine and Fisheries
United States House of Representatives

concerning

Illegal Drugs Entering Delaware River Ports
and the Port of Philadelphia

on

December 8, 1988

Philadelphia, Pennsylvania

Mr. Chairman, Members of the Subcommittee on Oversight and Investigations of the House Committee on Merchant Marine and Fisheries, I am pleased to appear before you this morning to discuss DEA's role in two recent seizures of illegal drugs entering the Delaware River ports and the Port of Philadelphia.

Arturo Gomez

The first incident involved the Colombian-flagged vessel, Arturo Gomez. DEA began working with the Customs Service after the discovery of more than 1,000 pounds of cocaine inside a piece of machinery in the ship's general cargo. Working together, the Customs Service and DEA devised a plan that involved seizing the cocaine (except for leaving eleven small evidentiary packages), reassembling the dismantled machinery, and placing an around-the-clock surveillance on the equipment as it made its way to its intended party.

This action required assigning six to ten agents for a thirty-five day period as the equipment was first moved on May 26, 1988, to Camden, New Jersey, then on June 8, 1988, to a warehouse in Elizabeth, New Jersey, and finally on June 20, 1988, to another warehouse in Brooklyn, New York. This massive effort, involving surveillance posts and technical equipment, would not have been possible without the help of a number of law enforcement agencies. The Customs Service and DEA in Philadelphia sought and received superb cooperation and the full-time commitment of law enforcement personnel from the Philadelphia Police Department, the New Jersey State Police, the Union County, New Jersey Prosecutor's Office, the FBI, as well as additional federal agents from Customs and DEA offices in Camden, Newark, and New York City.

Simultaneous to the surveillance activity, other Customs and DEA agents began to gather information on the consignees, David Morales and Petro-Chem, and those later identified as associates and commercial representatives of the consignees -- Ralph Agudelo, George (Jorge) Agudelo of California, and Tener Riggs Eckelberry, Jr., of New York.

With the cooperation of Port of South Jersey officials and employees, it was determined that Mr. Eckelberry and the Agudelos began arranging for the Camden storage area in November 1987 and that Mr. Morales signed the lease for the space on February, 16, 1988. The correspondence involved was written on stationery of the Gora Companies from a New York address on letterhead that also read: "Los Angeles - New York - Houston - Bogota."

The address given by Mr. Morales was in West Covina, California. Our investigation has since revealed that this is a "mail drop" service.

Agents identified visits by the Agudelos, Mr. Morales, and others to the Camden and Brooklyn warehouses and determined that telephone calls were made by the same individuals related to the equipment moves.

On June 21 and 22, 1988, various persons were seen entering and leaving the Brooklyn warehouse, but agents were not in a position to observe closely the activity in the building without compromising the surveillance.

On June 23, 1988, three individuals entered the warehouse with tools and shortly thereafter the electronic alarm device installed in the machinery activated. The three were then arrested. The eleven packages of cocaine concealed in the machinery by the agents were discovered missing at that time and had apparently been removed on the visits previously described on the prior two days.

The three individuals arrested were identified as Hedman Gomez-Lores and Raymond Velanida, Colombian citizens residing in New York, and Carlos Hermandez, a

Colombian citizen residing in Miami.

The Agudelos were subsequently arrested in Redondo Beach, California. Mr. Eckelberry was arrested but released by a federal court because of insufficient evidence to indicate that he knew the machinery contained cocaine. All of the remaining individuals except for fugitive, Daria Lopez Cotto, are awaiting trial on importation and conspiracy charges.

Documents were seized from the Agudelos in California that describe the smuggling scheme in a letter that had been prepared for advertising purposes. The advertisement described the use of heavy machinery to transport substances which would be concealed to avoid detection. The cargoes, estimated to weigh six to ten thousand pounds, would be moved for the sum of $5.3 million.

Columbus Olivos

In the second incident, involving the Argentine vessel, Columbus Olivos, DEA became involved after a U.S. Customs dog alerted officials to the presence of narcotics in cargo that had been delivered from the ship to a holding facility in Philadelphia. DEA computer checks were performed, and it was determined that an individual associated with the consignee business, Roberto Alcaino (who was also listed as the shipper), was a cocaine trafficking suspect in prior investigations.

The cargo was delivered to the consignee company, and Mr. Alcaino personally received the shipment. He was placed under surveillance and subsequently arrested at a New York airport preparing to leave for California.

The Buenos Aires, Argentina and Philadelphia offices of DEA are continuing this investigation and additional individuals have been arrested in Argentina in connection with this matter. The cargo itself has been traced to Colombia.

In conclusion, I would like to once again state that our ability to pursue these cases was due, in large part, to interagency cooperation. DEA regards the Customs Service as a good friend and a valuable ally in our country's war against drugs. In these two instances as well as on numerous other occasions, Customs and DEA agents have worked together, sharing personnel, equipment, and assignment responsibilities.

The United States Coast Guard has also always been more than willing to assist us in our drug law enforcement activities. For example, the Coast Guard provided valuable assistance in the Arturo Gomez case in the disassembly of the equipment and in a number of other areas where their technical expertise was required.

As these cases show, the Customs Service and the Coast Guard play a major role in the inspection of vessels and cargo for illegal drug shipments. Based on our experience and observations, this is a monumental task, considering the tremendous amount of cargo moving into our country every day. However, we believe that these agencies do an outstanding job in trying to balance the interests of the drug search program with those of commercial trade.

I would also like to again mention the excellent cooperation we received from state and local agencies in these two cases. This cooperation is the common practice of police agencies in our area in the fight against drugs, and we are convinced it will continue.

And, finally I would like to acknowledge the outstanding legal assistance, search and seizure arrest warrant preparation, and continuing guidance we have received from the United States Attorney's Offices in Philadelphia and New York. They have made our difficult task a lot easier.

Mr. Chairman, DEA appreciates the interest of this subcommittee in this matter. I will be pleased to answer any questions you may have.

U.S. Department of Transportation
United States Coast Guard

Commandant
United States Coast Guard

Washington, D.C. 20593-0001
Staff Symbol
Phone

STATEMENT

OF CAPTAIN EDWARD K. ROE

BEFORE THE HOUSE COMMITTEE

ON MERCHANT MARINE AND FISHERIES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

8 DECEMBER 1988

CAPTAIN EDWARD K. ROE
UNITED STATES COAST GUARD
COMMANDING OFFICER GROUP/MARINE SAFETY OFFICE PHILADELPHIA
FIFTH COAST GUARD DISTRICT

CAPTAIN EDWARD K. ROE COMES TO MSO/GROUP PHILADEPHIA FROM BASE GLOUCESTER CITY WHERE HE SERVED AS THE COMMANDING OFFICER AND CAPTAIN OF THE PORT. PREVIOUSLY, CAPTAIN ROE SERVED AS EXECUTIVE OFFICER OF PORT SAFETY STATION HOUSTON AND ALTERNATE CAPTAIN OF THE PORT, HOUSTON. A NATIVE OF CUMBERLAND COUNTY, NEW JERSEY, CAPTAIN ROE IS A 1962 GRADUATE OF THE COAST GUARD ACADEMY AND RECEIVED A MASTER OF BUSINESS ADMINISTRATION DEGREE FROM THE UNIVERSITY OF NEW HAVEN, NEW HAVEN, CONNECTICUT. HE ALSO COMPLETED THE COAST GUARD'S PORT SAFETY INDUSTRY TRAINING PROGRAM AT THE PORT OF SEATTLE, SEATTLE, WASHINGTON. CAPTAIN ROE HAS HAD VARIED ASSIGNMENTS DURING HIS CAREER. HE WAS COMMANDING OFFICER OF NEW LONDON STATION AND CAPTAIN OF THE PORT, NEW LONDON, CONNECTICUT; COMMANDING OFFICER OF ATTU ISLAND, ALASKA LORAN STATION, AND CHIEF OF THE PORT SAFETY BRANCH FOR THE 13TH COAST GUARD DISTRICT SEATTLE, WASHINGTON. HE ALSO SERVED IN GROUP OFFICES IN BALTIMORE, SABINE AND SEATTLE AND AS EXECUTIVE OFFICER OF VESSEL TRAFFIC SYSTEM HOUSTON/GALVESTON. HE HAS SEEN DUTY AFLOAT ON THE COAST GUARD CUTTERS CHINCOTEAGUE, ESCANABA AND UNIMAK. CAPTAIN ROE HAS BEEN AWARDED THE COAST GUARD COMMENDATION MEDAL, COAST GUARD ACHIEVEMENT MEDAL, COAST GUARD UNIT COMMENDATION (THREE AWARDS) AND THE HUMANITARIAN SERVICE MEDAL.

CAPTAIN ROE IS MARRIED TO THE FORMER BETTY M. LANIER OF GROVES, TEXAS. SHE IS A GRADUATE OF LAMAR UNIVERSITY AND WAS AWARDED A MASTER OF EDUCATION DEGREE FROM STEPHEN F. AUSTIN UNIVERSITY IN NACOGDOCHES, TEXAS. SHE IS A LICENSED PROFESSIONAL COUNSELOR AND IS CERTIFIED BY THE NATIONAL BOARD OF CERTIFIED COUNSELORS. THEY HAVE TWO SONS, JOHN, AGE FIFTEEN AND DAVID, AGE TWELVE.

STATEMENT
OF CAPTAIN EDWARD K. ROE
BEFORE THE HOUSE COMMITTEE
ON MERCHANT MARINE AND FISHERIES
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

8 DECEMBER 1988

GOOD MORNING MR. CHAIRMAN. I AM CAPTAIN EDWARD K. ROE, COMMANDING OFFICER OF U.S. COAST GUARD GROUP/MARINE SAFETY OFFICE PHILADELPHIA. MY COMMAND IS RESPONSIBLE FOR LAW ENFORCEMENT, INCLUDING DRUG INTERDICTION IN THE DELAWARE RIVER AND BAY FROM TRENTON FALLS, NEW JERSEY TO SHIP JOHN SHOALS LIGHT, APPROXIMATELY 30 MILES SOUTH OF WILMINGTON, DELAWARE. THIS AREA ENCOMPASSES ALL OF THE MAJOR PORT FACILITIES IN THE TRI-STATE AREA. DRUG INTERDICTION IS A PRIORITY MISSION OF THE COAST GUARD DUE TO OUR UNIQUE AUTHORITY AND CAPABILITY IN THE MARITIME REGION. THE RAVAGES THAT ILLICIT DRUG USE INFLICTS UPON PEOPLE --- ESPECIALLY OUR YOUTH --- THE CRIME IT GENERATES, AND THE LOSS OF PRODUCTIVITY IT ENGENDERS MAKE THE CONTROL OF ILLICIT DRUGS AMONG THE NATION'S HIGHEST PRIORITIES. TRAFFICKING OF ILLEGAL DRUGS PRESENTS A THREAT TO OUR NATIONAL SECURITY, BREEDS OTHER ILLEGAL ACTIVITIES AND UNDERMINES GOVERNMENTS AT EVERY LEVEL. I AM PLEASED TO JOIN REPRESENTATIVES OF THE DRUG ENFORCEMENT ADMINISTRATION AND U.S. CUSTOMS SERVICE TODAY TO COMMENT ON OUR EFFORTS TO HELP ELIMINATE ILLICIT DRUGS FROM OUR SOCIETY. MY COMMENTS WILL FOCUS ON COAST GUARD DRUG INTERDICTION ACTIVITY IN THE PORTS OF PHILADELPHIA RELATIVE TO THE INCIDENT INVOLVING THE MERCHANT VESSEL ARTURO GOMEZ.

DURING THE PERIOD OF MAY 18TH THROUGH JUNE 10TH 1988, THE COAST GUARD, AS A MEMBER OF A LOCAL MULTI-AGENCY TASK FORCE, ASSISTED IN SEIZING 1,052 POUNDS OF COCAINE ABOARD THE COLOMBIAN MERCHANT VESSEL ARTURO GOMEZ. THE COCAINE WAS CLEVERLY HIDDEN IN A GEAR BOX SHIPPED INTO THE PORT OF PHILADELPHIA AND

TRANSFERRED AMONG SEVERAL FACILITIES. THE DRUG ENFORCEMENT ADMINISTRATION (DEA) LED THIS TASK FORCE, WHICH INCLUDED FEDERAL, STATE, AND LOCAL AGENTS. THE EXCELLENT WORKING RELATIONSHIP AMONG THE U.S. CUSTOMS SERVICE, DEA, AND THE COAST GUARD IN THE PHILADELPHIA AREA FACILITATED THE EXECUTION OF THIS CASE. COAST GUARD SUPPORT TO THIS TASK FORCE INCLUDED PROVIDING: A COMMAND CENTER AT OUR FORMER BASE IN GLOUCESTER CITY, NEW JERSEY, THREE CONTINUOUSLY CREWED PATROL BOATS FOR IMMEDIATE WATERSIDE INTERDICTION, AND ASSISTANCE IN DISASSEMBLY AND ASSEMBLY OF THE GEAR BOX CONTAINING THE COCAINE.

ROUTINE COAST GUARD MARINE SAFETY INSPECTIONS CAN BE MUCH MORE EFFECTIVE IN DISCOVERING CONCEALED DRUGS ON MERCHANT SHIPS WITH INTELLIGENCE SUCH AS WAS DEVELOPED IN THE MERCHANT VESSEL ARTURO GOMEZ CASE. INTELLIGENCE IS CRITICAL TO OUR INTERDICTION EFFORT DUE TO THE LARGE NUMBER OF SHIPS AND CONTAINERS ENTERING THE PORT OF PHILADELPHIA.

THE PORTS OF PHILADELPHIA ARE ACTIVE AND COMPLEX, RECEIVING COMMERCIAL VESSELS OF EVERY TYPE; INCLUDING FREIGHT VESSELS, PASSENGER SHIPS, TANK VESSELS, CHEMICAL CARRIERS, TUGS, BARGES, AND CONTAINER SHIPS. THESE SHIPS CARRY A FULL RANGE OF CARGOES FROM OIL AND CHEMICALS TO BREAK-BULK PACKAGES, COAL, VEHICLES, FRUIT, AND CONTAINERIZED CARGO.

IN FISCAL YEAR 1988, 2,631 COMMERCIAL SHIPS ENTERED THE PORTS OF PHILADELPHIA. WE BOARDED 581 OF THESE TO CONDUCT ROUTINE MARINE SAFETY INSPECTIONS. ON RECEIPT OF ADVANCE ARRIVAL NOTICES, WE MAKE A DECISION TO BOARD A VESSEL TO CONDUCT A ROUTINE MARINE SAFETY INSPECTION BASED ON THE DATE IT WAS LAST BOARDED BY THE COAST GUARD, THE CARGO IT IS CARRYING, ITS HISTORY OF PROBLEMS AND ANY OTHER SPECIAL INFORMATION WE RECEIVE OR HAVE ON FILE. IF PRIOR INTELLIGENCE INDICATES DRUGS MAY BE ABOARD, WE AND U.S. CUSTOMS JOINTLY CONDUCT A MORE THOROUGH INSPECTION OF THE SHIP AND ITS CARGO. THIS TARGETED APPROACH PERMITS US TO MAXIMIZE OUR LIMITED RESOURCES AND COMPLEMENTS THE EFFORTS OF THE DEA AND THE CUSTOMS SERVICE.

CONTAINERIZED CARGO IS THE MOST DIFFICULT TO INSPECT. WITHOUT PRIOR INTELLIGENCE TARGETING A PARTICULAR CONTAINER FOR DRUG INSPECTION, A LENGTHY AND COSTLY PROCESS IS REQUIRED TO CONDUCT A ROUTINE MARITIME SAFETY INSPECTION OF A CONTAINER WITHOUT DAMAGING THE CARGO OR THE CONTAINER ITSELF. IF A CONTAINER IS TO BE INSPECTED, IT MUST BE INITIALLY TRANSFERRED FROM THE SHIP TO THE PIER FOR SAFETY REASONS. THIS IN ITSELF CAN TAKE CONSIDERABLE TIME IF THE CONTAINER TO BE INSPECTED IS ON THE BOTTOM LEVEL OF A CONTAINER VESSEL, WHICH, FOR EXAMPLE, MAY BE CARRYING 1200 TWENTY FOOT EQUIVALENT UNITS ON SIX TO 12 LEVELS. ONCE ON THE PIER, THE COAST GUARD INSPECTORS, ACCOMPANIED BY FACILITY PERSONNEL, REMOVE THE BANDING AND SEALS, CAREFULLY OPEN THE CONTAINER, AND COMMENCE INSPECTING THE INDIVIDUAL PACKAGES. KEEP IN MIND THAT EACH CONTAINER CAN CARRY GOODS FROM SEVERAL SHIPPERS. CARE IN OPENING THE CONTAINER MINIMIZES POSSIBLE INJURY SHOULD THE CONTAINER HOLD UNMANIFESTED HAZARDOUS MATERIALS OR HAVE INSUFFICIENT BLOCKING AND BRACING, THEREBY ALLOWING THE PACKAGES TO TUMBLE OUT WHEN OPENED. THIS ROUTINE, NON-DESTRUCTIVE CONTAINER INSPECTION (FOR COMPLIANCE WITH THE HAZARDOUS MATERIAL REGULATIONS,) MAY TAKE A TWO MAN TEAM UP TO FOUR HOURS PER CONTAINER. THE COST, PERHAPS IN EXCESS OF $1,000 PER CONTAINER, MUST BE ABSORBED BY THE SHIPPER. DISCOVERY OF DRUGS BY COAST GUARD MARINE SAFETY PERSONNEL DURING THIS SAFETY INSPECTION WILL NORMALLY RESULT IN OUR CONTACTING U.S. CUSTOMS AND OTHER APPROPRIATE OFFICIALS.

ACCORDING TO THE DELAWARE RIVER PORT AUTHORITY THE NUMBER OF CONTAINERS HANDLED IN PHILADELPHIA HAS SIGNIFICANTLY INCREASED OVER THE LAST THREE YEARS. MEASURED IN TWENTY FOOT EQUIVALENT UNITS (THE STANDARD SIZE OF A TRAILERABLE CONTAINER), THE NUMBER OF CONTAINERS TRANSFERRED IN THE PORTS OF PHILADELPHIA IN 1985 WAS 137,000; 142,000 IN 1986; AND 160,000 IN 1987. CONTAINER VESSELS VARY IN SIZE FROM SMALL COASTAL CARRIERS WHICH PLACE A FEW CONTAINERS ON DECK

OVER HOLDS, TO LARGE LINERS THAT CAN CARRY 1200 TO 1400 CONTAINERS. SOME VESSELS DESIGNED TO CARRY CONTAINERS ALSO ACCOMMODATE HIGHWAY TRAILERS AND ROLL-ON/ROLL-OFF TRANSPORT VEHICLES. OF THE 599 REPORTED ARRIVALS FOR THE QUARTER ENDING SEPTEMBER 30TH 1988, 143 VESSELS CARRIED CONTAINERIZED CARGO. ANOTHER DIFFICULTY IN DISCOVERING ILLEGAL DRUGS ON COMMERCIAL VESSELS IS THE NUMBER OF LOCATIONS WHERE LARGE QUANTITIES OF DRUGS CAN BE HIDDEN. A TYPICAL 700 FOOT COMMERCIAL SHIP GENERALLY WILL HAVE FUEL DAYTANKS, BILGES, SHAFT ALLEYS, VENTS, MACHINERY SPACES, ACCOMMODATIONS, STORAGE SPACES, AND VOIDS IN WHICH TO CONCEAL DRUGS. MANY OF THESE SPACES HAVE LIMITED ACCESS OR, BECAUSE OF THEIR ATMOSPHERE, ARE JUST NOT SAFE TO ENTER. EVEN MORE DIFFICULT TO FIND ARE DRUGS HIDDEN WITHIN EQUIPMENT SUCH AS AIR RECEIVERS AND FIRE EXTINGUISHERS. TO COMPLETELY INSPECT A LARGE SHIP FOR ILLEGAL DRUGS WOULD BE EXTREMELY TIME CONSUMING AND COULD CAUSE CRITICAL DELAYS TO THE MERCHANT VESSEL OPERATOR. WITH OPERATING COSTS OF UP TO $25,000 PER DAY, DELAYING A SHIP BEYOND ITS SCHEDULED DEPARTURE COULD MEAN THE DIFFERENCE BETWEEN PROFIT AND LOSS IN A VERY COMPETITIVE INDUSTRY. DELAYS CAN ALSO CAUSE DIFFICULTY IN MAKING SUBSEQUENT PORT CALLS, RESULT IN ADDITIONAL COSTS, AND LOSS OF FUTURE BUSINESS.

BASED ON THE ENUMERATED CONCERNS, IT CAN BE SEEN THAT FOR EFFECTIVE INTERDICTION OF ILLEGAL DRUGS ABOARD MERCHANT VESSELS, PRIOR INTELLIGENCE IS A MUST. ALTHOUGH OUR BOARDING TEAMS REMAIN ALERT AND VIGILANT, WITHOUT INTELLIGENCE, FINDING DRUGS ON THESE SHIPS IS OFTEN A MATTER OF LUCK. HOWEVER, TO IMPROVE OUR LUCK, SECRETARY BURNLEY ANNOUNCES A NEW INITIATIVE LAST SUMMER TO FAMILIARIZE ABOUT 1,500 COAST GUARD MARINE SAFETY PERSONNEL IN THE METHODS EMPLOYED TO SMUGGLE ILLEGAL DRUGS ABOARD VESSELS. THIS IS PART OF A LARGER EFFORT TO ENLIST THE ASSISTANCE OF THE DEPARTMENT'S SAFETY AND SECURITY INSPECTORS IN THE WAR ON DRUGS. IN TOTAL, MORE THAN 4,200 DOT

INSPECTORS ARE RECEIVING DRUG AWARENESS TRAINING SO THAT THEY CAN SERVE AS A NEW ARMY OF "EYES" IN THE NATION'S ANTI-DRUG EFFORT.

WE IN THE COAST GUARD RELY STRONGLY UPON OTHER FEDERAL AGENCIES, ESPECIALLY U.S. CUSTOMS AND DEA, FOR INTELLIGENCE. THE COAST GUARD'S EXCELLENT WORKING RELATIONSHIP WITH THESE AGENCIES PROVIDES A VITAL LINK TO INTELLIGENCE SOURCES. WE ARE AWARE OF THE NEED FOR MORE AND BETTER INTELLIGENCE AND CONTINUE TO STRENGTHEN THESE INTERAGENCY RELATIONSHIPS TO BETTER CONDUCT OUR MARITIME LAW ENFORCEMENT MISSION.

TO ENHANCE COORDINATION, WE ROUTINELY MEET WITH ALL FEDERAL, STATE, AND LOCAL AGENCIES INVOLVED IN THE INTERAGENCY INTELLIGENCE COMMITTEE, AND WITH THE VICE PRESIDENT'S NATIONAL NARCOTICS BORDER INTERDICTION SYSTEM (NNBIS) FOR THE NORTHEAST REGION. FOR SPECIAL OPERATIONS, AS IN THE CASE OF THE MERCHANT VESSEL ARTURO GOMEZ, WE WERE AN INTEGRAL PART OF THE ASSIGNED FIELD TASK FORCE.

IN CONCLUSION, AS THE "GUARDIANS OF THE SEA", THE COAST GUARD IS COMMITTED TO CONTINUING ITS EFFORTS TO ELIMINATE THE FLOW OF ILLEGAL DRUGS VIA THE MARINE TRANSPORTATION MODE INTO THE PORTS OF PHILADELPHIA. TO BE MORE EFFECTIVE WE NEED GOOD INTELLIGENCE TO BETTER LOCATE THE NEEDLE IN THE HAYSTACK. WE WILL CONTINUE TO WORK CLOSELY AT ALL LEVELS OF LAW ENFORCEMENT TO INSURE A SUCCESSFUL DRUG INTERDICTION PROGRAM.

THANK YOU FOR THE OPPORTUNITY TO SPEAK TO YOU TODAY.

DRS

DELAWARE RIVER STEVEDORES, INC.
PHILADELPHIA ■ CAMDEN ■ WILMINGTON

DIRECT DIAL REPLY: 215-440 -4102

November 29, 1988

The Honorable Thomas Foglietta
U.S. House of Representatives
Committe on Merchant Marine and Fisheries
Longworth House Office Building, Room 1334
Washington, DC 20515-6230

Dear Representative Foglietta:

In response to your invitation to testify regarding the inspection and searching of merchant vessels and cargo for illegal drug shipments I would like to relate the circumstances that affected our company, Delaware River Stevedores, Inc. and its employees in two instances when extraordinary drug searches took place.

The first incident took place with the arrival of the Argentine vessel Arturo Gomez at Packer Avenue Marine Terminal on May 19, 1988. Our terminal manager was alerted to the fact by U.S. Customs agents that a specific piece of cargo on that vessel was suspected to contain illegal drugs within its packing crate. Because the suspect piece was large, specifically identified and easily differentiated from the remainder of the vessel's cargo, its location was known to ship's personnel.

The suspect case was stowed in the square of the 'tween deck of No. 3 hatch. A gang was assigned to discharge that compartment as soon as the vessel was in position to work. The case was easily reached, was discharged, and was removed by a large fork lift truck to an isolated location where the packing case was dismantled and the contraband drugs were discovered by government agents.

There was an absolute minimum disruption of commercial traffic during this operation. Once the case was targeted for our supervisor the only extraordinary condition imposed was to transport the piece to an area where it could be searched, and to assist government agents in removing the packing case. There was no measurable impact on the flow of traffic at the terminal and consequently no harm to other normal cargoes in this instance.

However, on the occasion of a different drug search in which our company became involved normal activity was severely disrupted. In that instance our Terminal Manager was advised at a Friday, August 12th meeting that customs agents intended to open and inspect every container that was due to be discharged from the Atlantic Transport Line vessel Sea Merchant, which was due to work on the following Monday.

Customs agents explained that we would be required to land the entire complement of discharged containers to a single area where each unit would be grounded and spaced not closer than 4 feet from any adjoining box to allow walking space between containers. Normally containers are stowed either two or three high in rows or blocks that are as concentrated as possible. The walk space requirement was a result of the intended use of dogs to sniff for for drugs in each container.

Since the vessel was scheduled to discharge 435 units we were required to clear a tremendous area to receive these containers. Furthermore crews had to be hired to clear the space at overtime rates since there was insufficient time prior to the scheduled arrival. All this rehandling of equipment was extra cost that related only to the drug search since routine terminal preparation had already been accomplished prior to the announcement of the special surveillance. The vessel was late arriving in port and did not commence discharging until 0700 on Tuesday, August 16th. All the containers were landed and spaced out as requested.

Special coopers and checkers are hired to assist the search teams when the actual inspection began on Wednesday, August 17th. Some of these employees remained with the operation throughout the day and continued until 0100 hours on August 18th. Upon completion of the inspection, extra drivers and equipment had to be employed to return all the grounded boxes to normal stacked storage positions. Most of this activity took place during normal work hours on Wednesday, the 17th.

Additional expense resulted from shifting unrelated equipment into the break bulk terminal area to make space for the searched containers prior to the arrival of the vessel, and later restoring this neutral equipment to the container yard when space became available after the searched containers were consolidated. This work was completed by 2000 hours on Wednesday evening, and the terminal was able to operate normally on Thursday August 18th.

The cost of labor and equipment involved in the extra handling caused by this drug search was $25,700. I would compare the disruption to the normal business routine with what we might undergo if we had to prepare for an unusual weather condition such as a hurricane. No doubt other ancillary businesses such as truckers and freight forwarders were disrupted significantly during these several days when the focus of the terminal shifted from providing the smoothest possible cargo flow to coping with requirements to reshuffle a good part of our inventory as often as two or three times.

We sincerely hope that this search had the desired effect of inhibiting the shipment of illegal drugs. We know that it caused significant disruption, delay, inconvenience and added cost to normal trade. A continuation of this type of interruption would cripple the flow pattern and overall usefulness of container terminals if it were to be repeated more often than extremely rarely. Furthermore the additional costs incurred would be devastating to any company compelled to meet them under current container transportation rate levels.

Very truly yours,

DELAWARE RIVER STEVEDORS, INC.

Arthur J. Boyle
President

AJB:eam

STATEMENT OF
STEPHEN M. GEORGE
ASSISTANT VICE-PRESIDENT
COLUMBUS LINE, INC.
BEFORE
THE SUBCOMMITTEE
ON
OVERSIGHT AND INVESTIGATIONS
OF THE
HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES
REGARDING
SEIZURES OF ILLEGAL DRUG SHIPMENTS IN THE PORTS OF PHILADELPHIA

GOOD DAY CHARIMAN FOGLIETTA AND MEMBERS OF THE COMMITTEE: IT IS GOOD TO SEE YOU AGAIN MR. CHAIRMAN. IT HAS BEEN A WHILE SINCE I HAD THE PLEASURE OF INTRODUCING YOU AS THE KEYNOTE SPEAKER AT THE 1986 PORTS OF PHILADELPHIA MARITIME SOCIETY ANNUAL DINNER.

FOR THE RECORD, MY NAME IS STEPHEN M. GEORGE. I AM ASSISTANT VICE-PRESIDENT OF COLUMBUS LINE, INC. IN CHARGE OF THE PHILADELPHIA REGIONAL OFFICE. COLUMBUS LINE, INC. MAINTAINS A FULLY STAFFED REGIONAL OFFICE AT 510 WALNUT STREET AS WELL AS A MARINE OPERATIONS OFFICE INSIDE THE HOLT MARINE TERMINAL AT GLOUCESTER CITY, NEW JERSEY. THANK YOU FOR THE INVITATION TO APPEAR HERE TODAY. COLUMBUS LINE, INC. WAS FOUNDED IN 1957 BY HAMBRUG-SUDAMERIKANISCHE TO SERVICE THE TRADE BETWEEN NORTH AND SOUTH AMERICA. IN 1962 IT LAUNCHED A SERVICE BETWEEN AUSTRALIA, NEW ZEALAND AND NORTH AMERICA. COLUMBU'S LINE HAS BEEN CALLING PHILADELPHIA SINCE ITS INCEPTION.

BY DIRECTION OF THE SENIOR MANAGEMENT OF COLUMBUS LINE, INC., EVERY EMPLOYEE OF COLUMBUS-PHILADELPHIA MUST COOPERATE FULLY IWTH ALL FEDERAL AGENCIES INVOLVED IN DRUG INVESTIGATIONS. ALL REQUESTS FOR INFORMATION CONCERNING OUR VESSELS OR CARGO MUST BE SUPPLIED TO THE REQUESTING AGENCY IMMEDIATELY AND ACCURATELY. ALL DETAILS OF PHILADELPHIA DRUG INVESTIGATIONS ARE REPORTED TO SENIOR MANAGEMENT ON A DAILY BASIS.

COLUMBUS LINE-PHILADELPHIA S.O.P. DEMANDS WE FILE A PRELIMINARY INWARD MANIFEST WITH U.S. CUSTOMS FIVE (5) DAYS PRIOR TO EACH VESSEL ARRIVAL IN PHILADELPHIA. VERY OFTEN WE MUST SUPPLY ADDITIONAL DETAIL INFORMATION CONCERNING SPECIFIC CONTAINERS. ON OCCASION INSPECTORS/ AGENTS FROM U.S. CUSTOMS WILL VISIT OUR REGIONAL OFFICE TO DISCUSS SPECIFIC CARGO WITH OUR EMPLOYEES WHO HANDLE INBOUND CARGO ON A DAILY BASIS. OUR OPERATIONS PEOPLE COME IN CONTACT WITH U.S. CUSTOMS INSPECTORS EVERY BUSINESS DAY. WHENEVER NECESSARY, WE OBTAIN VIA SPECIAL MESSENGER OF FAX, DETAILS OF CARGO DISCHARED IN OUTPORTS BUT REVIEWED BY AUTHORITIES IN PHILADELPHIA. IN ALL ASPECTS OF DRUG INVESTIGATIONS COLUMBUS LINE STANDS PREPARED TO COOPERATE FULLY WITH FEDERAL AGENCIES.

THE SEIZURE OF 2475 POUNDS OF COCAINE HIDDEN IN CASES OF ANCHOVIES, LOADED IN A SEALED HOUSE TO HOUSE CONTAINER, AND CARRIED ON BOARD THE COLUMBUS OLIVOS 10/11 IS ANOTHER EXAMPLE OF COLUMBUS LINE COOPERATION. OUR PHILADELPHIA OFFICE FILED THE PRELIMINARY INWARD MANIFEST ON 25 AUGUST 1988. OUR OPERATIONS DEPARTMENT COMMENCED CARGO OPERATIONS UNDER U.S. CUSTOMS SUPERVISION ON 30 AUGUST 1988. ALL REQUESTS FOR DELIVERY DETAILS WERE COMPLIED WITH DURING THE TIME FRAME OF 12-15 SEPTEMBER 1988.

ALL FEDERAL AGENCIES IN PHILADELPHIA SHOULD BE CONGRATULATED FOR THEIR WORK IN DRUG INTERDICTION. COLUMBUS LINE, INC. IS CURRENTLY REVIEWING THE "CARRIER INITIATIVE AGREEMENT" AND ANTICIPATES SIGNING SAME IN THE IMMEDIATE FUTURE. WE STAND PREPARED TO CONTINUE OUR COOPERATION WHENEVER NECESSARY. OUR ONLY REQUEST IS THAT OUR COLLEAGUES IN THE FEDERAL SYSTEM REVIEW THE UNDUE FINANCIAL BURDER PLACED ON CARRIERS WHICH RESULT FROM CONFORMANCE TO DRUG INVESTIGATION INITIATIVES.

THANK YOU

(215) 923-5077-5078

P.M.T.A.-I.L.A. Container Fund

524 South Front Street • 3rd Floor • Philadelphia, Pa. 19147

CHARLES BROWN
JOHN J. RESTA
Container Inspectors

December 2, 1988

Congressman Thomas J. Foglietta
Marine & Fisheries Comittee
Port of History Museum
Philadelphia, PA 19106

Re: Drug Enforcement and the International
Longshoremen's Association

Dear Congressman Foglietta:

COOPERATION WITH GOVERNMENT AGENCIES, U.S. CUSTOMS DRUG ENFORCEMENT AGENTS ON INSPECTION OF FULL CONTAINER LOADS OF CARGO

Whenever it has become necessary to remove full container loads from a waterfront facility to be examined at another facility the ILA does relax our rules pursuant to our contract to permit and allow someone else to do the stripping of these containers when there has been suspicion of drugs in these containers.

We also should look into what the trade calls break bulk cargo or loose cargo. The ILA and the work force in the Port of Philadelpha and all the people of this area would like to see more examinations of containers and loose cargo that comes through the Port of Philadelphia.

As we all know, drugs coming into our country are being imported on vessels of all kinds not just containers. What we need is more detection equipment and personnel at all the piers.

What must be looked at is who is allowed to work on these facilities; people working with ship crews to load stores or unload equipment down the gangways of these vessels. Private trucks and cars are allowed to deliver or receive to these vessels without supervision.

I beliieve that if all interest parties work together we can go a long way to resolving this problem.

Respectfully submitted,

BY: John Resta
John Resta, PMTA-ILA
Port of Philadelphia
Container Inspector

STATEMENT OF CAPTAIN JACK SPARKS, PRESIDENT OF THE PILOTS' ASSOCIATION FOR THE BAY AND RIVER DELAWARE

U. S. HOUSE OF REPRESENTATIVES COMMITTEE ON MERCHANT MARINE AND FISHERIES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

DECEMBER 8, 1988

I. INTRODUCTION AND BACKGROUND REGARDING PILOTS ASSOCIATION

My name is Jack Sparks. I am President of The Pilots' Association for the Bay and River Delaware. My Association is comprised of 85 member pilots, who are individually licensed by the State of Delaware or the Commonwealth of Pennsylvania. The Association's pilots also hold licenses issued by the United States Coast Guard.

State pilotage is a quasi-public service as old as our nation. It is sanctioned by federal law and provides a stable and regulated system of well trained and qualified pilots who are dedicated to servicing their local ports.

All foreign vessels and domestic vessels in foreign trade entering the Delaware Bay are required to employ a state licensed pilot. The vast majority of the traffic on the Bay and River Delaware is comprised of foreign vessels. When these vessels enter the Bay at Lewes, Delaware, the first representative of the United States to meet the ship is a pilot who is a member of our Association. The state pilot is not in charge of the ship, but is on board to advise the ship's captain and assist the safe navigation of the vessel through the Bay and the River.

II. DRUG ENFORCEMENT ON THE BAY AND RIVER DELAWARE

A. Pilot's Association Drug Policy

The members of the Pilots' Association strongly support all federal programs and other efforts to stop the traffic, trade and use of illegal drugs in the United States. To that end, pilots want to cooperate as fully as possible with the Coast Guard, the Customs Service and other agencies in implementing any federal drug enforcement program and policies.

Our commitment to a drug-free America is reflected in the Pilots' Association internal drug policy which applies to all persons who board pilot vessels and property. Vessels operated by our Association are the launches used to transport pilots to and from ships at ports of entry or departure on the Delaware Bay and River. The Pilots' Association has in place its own drug policy to prohibit the possession or use of drugs by persons on pilot property. This program includes posting notices on all pilot vessels prohibiting the possession or use of illicit drugs, and having all crew members sign statements that no drugs will be brought on board any pilot vessel or on any property of the Pilots' Association. This program evidences our concern with the problems of illicit drug use and trafficking in the United States.

I am aware of the recent search of a New York pilot boat. Although no drugs were found, we are concerned with the problem of drugs in our society and believe that the program we have in place with respect to our own vessels helps to assure us that pilot boats and property will not carry any illegal drugs.

B. Pilots' Role Regarding Foreign Vessels

The members of the Pilots' Association can serve only a limited role with respect to direct efforts at drug enforcement relating to foreign ships. As I mentioned, because of the nature of the pilots' role on board a vessel - that of an advisor, rather than as a captain or master - a pilot is not in a position to conduct individual investigations of vessels which may be carrying illicit drugs or to police possible drug trafficking aboard any foreign vessel on which the pilot serves. However, our pilot members are vigilant and can and will report any knowledge which comes to the pilot regarding a vessel's involvement in drug trade.

The pilots have always been mindful of problems such as drug trafficking on vessels and have been cooperative with our federal enforcement agencies. I recall an instance where one of our pilot members became aware of contraband aboard a vessel. This information was reported to the Customs Service and resulted in immediate action.

Therefore, while pilots do not have an official role in enforcing our drug laws, we are ever watchful and can assure you of our cooperation in reporting any knowledge of illicit drug trafficking to the United States Coast Guard, or other appropriate agency.

C. Drug Enforcement Regulations

In terms of our national drug enforcement policy, the role of pilots as enforcers is really limited to our internal policy concerning pilot vessels and our cooperation with federal agencies which actively enforce drug laws.

I believe that the greatest area where pilots can be of assistance to this Committee is our input in formulating regulations and procedures to implement federal drug enforcement policies with respect to vessels on the Bay and River Delaware.

To fully implement the war against drugs, it is necessary that vessels carrying drugs be apprehended at ports of entry in the United States in order to stop drug trafficking at the source. Effective enforcement may occasionally involve the seizure of certain vessels in the Delaware Bay and River. Despite the fact that normal commerce and flow of traffic may be inconvenienced, and movement of cargo might be delayed in the event of action against the ship, we believe that these measures are necessary to stem the tide of illegal drug traffic at our ports.

We must also recognize that the smooth flow of traffic is important - the Delaware River is a vital link in the chain of interstate and foreign commerce in this country. To the extent that the needs of commerce and the needs of drug enforcement can be balanced so that both objectives are met, we should attempt to create that balance.

It is in this area where the pilots can be of assistance. Because of our expertise and specialized knowledge of port activity, shipping and traffic patterns on the Delaware, we can assist in the development of search and seizure guidelines which will take into account the practical realities of commerce of the Delaware River and the operation of our local ports and fit those realities into procedures which will fully support the mission of drug enforcement agencies in stopping the flow of drugs at their source.

I offer you my personal support and the full support and cooperation of the members of the Pilots' Association in the efforts undertaken by the Committee on Merchant Marine and Fisheries to stop illegal drug shipments coming to our ports.

The pilots are ready to assist you in any way that we are able.

Thank you for the opportunity to appear before you on this most important matter.